

FRANCHISE DISCLOSURE DOCUMENT



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(a Delaware corporation)
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You will operate a business which provides educational services and products.

The total investment necessary to begin operation of a GradePower Learning franchised business is approximately from \$121,640 to \$249,290. This includes approximately \$56,130 to \$61,410 that must be paid to us or our affiliates.

This disclosure document summarizes certain provisions of your franchise agreement and other information in plain English. Read this disclosure document and all accompanying agreements carefully. You must receive this disclosure document at least 14 calendar days before you sign a binding agreement with, or make any payment to, the franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no governmental agency has verified the information contained in this document.**

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact our Franchise Department at the above address and phone number.

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 to 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.

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How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits, or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit F.
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 G 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 GradePower Learning 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 GradePower Learning franchisee?	Item 20 or Exhibit F 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 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 C.

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

Special Risks to Consider About *This* Franchise

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

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by arbitration (and in certain cases litigation) only in London, Ontario, Canada, or other city where the franchisor maintains its principal headquarters. Out-of-state arbitration or litigation may encourage you to accept a less favorable settlement for disputes. It may also cost more to arbitrate or litigate with the franchisor in its headquarters city than in your own state.
2. **Spousal Liability.** Your spouse must sign a document that makes your spouse liable for all financial obligations under the franchise agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both your and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.
3. **Minimum Royalty Payments and Other Expenditures.** You must make minimum royalty payments, advertising, and other expenditures, regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.
4. **Financial Condition.** The franchisor's financial condition, as reflected in its financial statements (see Item 21), calls into question the franchisor's financial ability to provide services and support to you.

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

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Item 1. THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS, AND AFFILIATES

The Franchisor

In this disclosure document, “GradePower”, “Franchisor”, “we”, “our” or “us” refers to G.B. Tokani, Inc., the franchisor. “You” or “your” refers to the person or persons, including legal entities and their owners, who buy the franchise.

G.B. Tokani, Inc. is a Delaware corporation that was incorporated on October 1, 2003. Our principal business address is 747 Hyde Park Road, Suite 230, London, ON, Canada N6H 3S3. We do business under our company name, G.B. Tokani, Inc. and GradePower Learning. Our franchisees will do business as GradePower Learning.

We began offering the franchises described in this disclosure document since March 2017 and have never offered franchises in any other line of business. We do not conduct any other business activities. We do not offer franchises in any other line of business.

Our agents for service of process are listed in Exhibit C.

Parents, Predecessors, and Affiliates of the Franchisor

We are a wholly owned subsidiary of Oxford Learning Centres, Inc., a Canadian corporation (“OLC”). OLC’s parent company is 2734665 Ontario Inc., a Canadian corporation. The principal business address of both parent companies is 747 Hyde Park Road, Suite 230, London, ON, Canada N6H 3S3. OLC has experience in the supplemental education industry in Canada which was formed in 1984 and incorporated in 1987 and has offered franchises in Canada for the type of business described in this disclosure document since 1991, and internationally (outside North America) since 2003. OLC does not offer franchises in any other line of business. OLC also provides elements of the GradePower system that we provide to franchisees, including publishing most of the curriculum material used by us, and also provides training to franchisees.

We acquired substantially all of the assets of the GradePower franchise system, including all existing U.S. GradePower franchise agreements, from our predecessor, Oxford Group International, LLC, a New York limited liability company (“OGI”), effective as of June 30, 2016 (the “Acquisition”). OGI began offering GradePower franchises in January 2012 and did not offer franchises in other lines of business. Before the Acquisition, OGI’s principal place of business was 61 Executive Boulevard, Farmingdale, New York, 11735, and was owned 50% by our former parent, G.B. Tokani Canada Enterprises, Inc. (a Canadian corporation, which was later amalgamated into OLC), and 50% by RWT Enterprises, Inc., a New York corporation whose business address was 61 Executive Boulevard, Farmingdale, New York 11735. OGI was dissolved on June 25, 2018.

OGI’s predecessor in the United States was Learning Centers of America, Inc., a Delaware corporation (“LCA”), whose then principal business address was 97B South Livingston Ave., Livingston, New Jersey 07039. LCA was a wholly owned subsidiary of our former affiliate Oxford Learning International, Inc., a Canadian corporation (later amalgamated into OLC). LCA offered Oxford Learning franchises in the United States from 2001 through 2009. LCA was dissolved as of March 31, 2011.

Other than OLC discussed above, we currently have no affiliates that are either offering franchises or providing products or services to us for our system. In this disclosure document the word “affiliate” means an entity controlled by, controlling, or under common control with, another entity, and includes parents and subsidiaries. The word “person” means an individual, group, association, partnership, or entity.

Other than described above, neither we nor our predecessors or affiliates have operated a business similar to the franchised business being offered or offered any franchise whether similar to the franchised business being offered or in any other line of business.

The Franchise Offered

If you qualify, we license you to operate your own GradePower Learning franchised business to provide supplemental educational services to children designed to augment a child’s reading, writing and math skills, study skills and organizational skills through proven teaching methods and the use of proprietary curriculum materials. We require background checks for all franchisees and all staff in the center. We license you to use the GradePower Learning name, service marks, intellectual properties, and proprietary materials within a protected geographic territory for an initial term of 10 years with renewal rights. We provide initial training for you and continue to provide operational assistance, support systems and special training programs to accommodate your developing needs. We loan you our confidential Manual that contains our proprietary method for doing business. We periodically update our Manual to include newly developed information and operating procedures.

Typical locations for GradePower Learning centers are suburban retail locations in shopping strip malls or second floor commercial space in similar retail locations. A typical GradePower Learning center has approximately 1,200 to 1,500 square feet of floor space, although this will be dependent upon availability and cost variations. You will select your location based upon criteria found within the Manual, but we must first approve it before a lease is signed.

Competition and the Market

Your primary customers will be parents of preschool and school-aged children. The market for the type of business described in this disclosure document is developed and very competitive. Many others offer services that compete with GradePower Learning centers, including preschools, day cares, childcare facilities and individual providers, persons and companies offering tutoring, tutoring centers, learning centers, exam preparation centers, and schools.

The general market for supplemental educational services includes changing and variable conditions, including: competition; cost of supplies, equipment, real estate and improvements, capital and labor; your own health and continuity of your management; your ability to implement the system; continuation of sources of supply; quality and availability of labor; availability of financing; recession or depression locally, nationally, or internationally; wars; strikes; emergencies; natural and manmade disasters; litigation; and liability and casualty losses; industry developments; pricing policies of competitors, and supply and demand. Other important general market factors are our dependence on our key personnel, the loss of whom could have an adverse effect on us; and our ability to fulfill our obligations under the franchise agreement depending in part upon our present and future financial condition.

Education Industry Laws and Regulations

Some jurisdictions have special preschool or learning center services laws with which you will have to comply. These regulations may relate to the facility within which instruction is offered and provided, the materials and curricula used for these services, the individuals providing educational or management services, and certain administrative procedures. Most states regulate teacher certification. Other states have regulations affecting preschool and learning center services under laws governing nursery schools including but not limited to the number of hours the children may be in the center. You must investigate these laws and regulations to ensure that you are in compliance and should consult with your attorney on this subject.

The state and local laws applicable to educational facilities vary significantly from jurisdiction to jurisdiction and we do not warrant or represent that the curricula or materials supplied by us, or other suppliers conform to the laws of the jurisdiction(s) in which you will operate. You should confirm with the applicable governing bodies whether these curricula or materials comply with applicable laws and regulations.

A few examples of other federal laws affecting many businesses are wage and hour, occupational health and safety, equal employment opportunity, taxes, hazardous materials communication to employees, hazardous waste and environmental, and the Americans with Disabilities Act. State and federal privacy and data protection laws may require covered companies to maintain or completely destroy documents containing certain personal information. State laws may cover the same topics as federal laws. A few examples of other state laws affecting many businesses include environmental, occupational health and safety, fire, taxes, health, and building and construction laws. Local laws may cover the same topics as federal and state laws. A few examples of other local laws affecting many businesses include health and sanitation, building and zoning, fire safety, other business permits and licenses, and waste disposal.

The foregoing are examples of some, but not all of the laws that may apply to the franchised business described in this disclosure document. The franchise agreement places the responsibility for complying with all applicable laws and regulations, including labor and employment laws, upon you, the franchisee. You should research all of these laws, regulations, and requirements before you invest, and should consult with your own legal counsel.

Item 2. BUSINESS EXPERIENCE

Robert Nicholas Whitehead - CEO

Mr. Whitehead has been our CEO since July 1, 2023, in London, Ontario, Canada. Mr. Whitehead also currently serves as the Chairman of the OLC Board for Oxford Learning Centres, Inc. in London, Ontario, Canada since December 2017. Mr. Whitehead also previously served as the President and CEO of Oxford Learning Centres, Inc. in London, Ontario, Canada and held that position from June 1984 to 2017.

Lynne Killinger – CFO

Ms. Killinger has been our CFO since January 2020. She is also the CFO for OLC in London, Ontario, Canada since 2000.

Bryan Smith – Vice President, Sales, and Operations

Mr. Smith has been our Vice President, Sales, and Operations since January 2023. He is also a Real Estate Agent in Cape Coral, Florida since June 2018. Mr. Smith was a Consultant with US Sign and Mill in Ft. Myers, Florida from December 2019 to March 2020, and a Real Estate Agent with Priceless Realty in Cape Coral, Florida from March 2017 to June 2018.

Katarina Robertson – Director of Training

Ms. Robertson has served as our Director of Training since December 2023 in London, Ontario, Canada. Prior to that, Ms. Robertson served as our (i) Franchisee Relations Manager from September 2022 through December 2023, and (ii) Franchisee Performance and Growth Manager from August 2013 through September 2022 in London, Ontario, Canada.

Sarah Hybels – Franchise Performance and Growth Manager

Ms. Hybels has served as our Franchise Performance and Growth Manager since November 2022 in London, Ontario, Canada. Prior to that, Ms. Hybels worked in our Cary GradePower Learning location as an Education Director from June 2019 to November 2022. Prior to that, Ms. Hybels was (i) a teacher from July 2018 to June 2019 in Raleigh, North Carolina, and (ii) a Customer Service Associate with Paper Source in Raleigh, North Carolina from June 2019 to October 2019.

The employees of our affiliate, OLC, listed above, may provide operational support as described in Item 11.

Item 3. LITIGATION

Completed Arbitration

Merit Strategic, LLC and Anthony Mauro v. G.B. Tokani, Inc., Oxford Group International, LLC, and Robert Nicholas Whitehead, Case No. 01-19-0000-0514. Plaintiffs, a franchisee, and its owner, filed a Demand for Arbitration dated January 7, 2019, with the American Arbitration Association against Franchisor, OLC, and our Chairman of the Board, alleging: (1) improper termination of the franchise agreement; (2) fraudulent misrepresentation and inducement related to our Chairman's qualifications; and (3) violation of the New York Franchise Sales Act related to the same alleged conduct. Plaintiffs sought rescission of the franchise agreement and damages, attorneys' fees, and costs. Defendants denied all of the allegations (including that the franchise has been terminated) and later filed a counter-demand alleging that Plaintiffs had breached the franchise agreement by publishing our marks in unauthorized materials and that the franchise agreement was accordingly terminated. After the Defendants provided the Plaintiffs with evidence of the qualifications of our Chairman, Plaintiffs withdrew their claims of fraudulent misrepresentation, inducement, and violation of New York law, as being without merit. The parties settled their remaining respective breach of contract claims effective June 12, 2019, agreeing to terminate the franchise agreement, allowing the sale of the franchised business's assets to another GradePower franchisee, and signing a mutual release of all claims.

Past Litigation of Persons in Item 2

Matthew Baxter and 9198539 Canada Inc. v. Oxford Learning Centres, Inc., Robert Nicholas Whitehead and Lenka Marie Whitehead, Ontario Superior Court of Justice, File No. 950/17, filed April 24, 2017. The individual plaintiff, Mr. Baxter, who was a vice president of OLC, alleged claims of wrongful dismissal, breach of contract, negligent and/or fraudulent misrepresentation, bad faith, breach of duty of honest contractual performance, and breach of fiduciary duty, all related to the termination by OLC of his employment as well as the purported loss of opportunity relating to the failure to complete a prospective sale of OLC to Mr. Baxter. The corporate plaintiff, which was owned by Mr. Baxter and operated an Oxford Learning Centre franchise in the Aurora, Ontario area, (1) sought an order that it was not in default of its franchise agreement for failure to make payments, and that defendants must purchase the Aurora franchise for CDN \$450,000 or fair market value; and (2) alleged claims of breach of contract and/or violation of the statutory duty of good faith and fair dealing, and misrepresentation and/or the failure to disclose under franchise law. The parties settled all claims in November 2017 with the defendants paying the plaintiffs CDN \$100,000, purchasing the Aurora franchise from plaintiffs for CDN \$400,000, and agreeing not to enforce non-competition covenants against the plaintiffs.

Oxford Learning Centres, Inc., Lynne Killinger, Robert Whitehead, and Lenka Whitehead v. Jordan Nash, John Nash, J. and C. Nash Holdings Inc., Caitlin Lennox, Matthew Baxter and 9198539 Canada Inc., Ontario Superior Court of Justice, File No. CV-18-26458. Oxford Learning Centres, Inc., Lynne Killinger, Robert Whitehead, and Lenka Whitehead will collectively be referred to as the “Oxford Parties.” Defendants Jordan Nash (“Jordan”) and Caitlin Lennox (“Caitlin”) are the owners of J. and C. Nash Holdings Inc. (“Nash Holdings”), a former OLC franchisee. John Nash is the father of Jordan. John Nash, Jordan, Caitlin, and Nash Holdings, are referred to collectively herein as the “Nash Defendants”. Defendant Matthew Baxter (“Baxter”) is a former employee of OLC and is or was the owner of 9198539 Canada Inc. (“Numberco”), a former OLC franchisee.

OLC filed a Statement of Claim dated May 31, 2018, against the Defendants alleging: (1) against Baxter and Numberco, unlawful interference with economic relations, breach of confidence and breach of minutes of settlement; (2) against all Defendants, that they conspired for the purpose of causing economic harm to OLC and attempting to cause harm to OLC by making false statements about OLC and/or its principals; and (3) that the Defendants collectively engaged in a scheme to extort money from OLC in exchange for a purported promise to refrain from disclosing false information about OLC and its founder and shareholder, Nick Whitehead. OLC sought damages against Baxter and Numberco in the sum of \$500,000, injunctions restraining all Defendants from making false statements about OLC and/or its principals, costs of the action, and such other relief as the court may deem just.

The Nash Defendants filed a Statement of Defence and Counterclaim dated September 7, 2018, in which they denied the allegations in the Statement of Claims and asserted counterclaims against Plaintiff OLC, Lynne Killinger, Robert Nicholas Whitehead and Lenka Marie Whitehead (collectively, the “Defendants to Counterclaim”) for fraudulent misrepresentation, breach of obligations of fair dealing, and breach of obligations to deliver a disclosure statement free of misrepresentations.

Defendants Baxter and Numberco filed a Statement of Defence and Counterclaim dated February 20, 2019, in which they denied the allegations in the Statement of Claims and asserted counterclaims against Plaintiff OLC, Robert Nicholas Whitehead and Lenka Marie Whitehead for defamation and/or breach of settlement agreement.

In September 2023, the parties entered into a Mutual Full and Final Release Agreement whereby (i) the Oxford Parties paid Jordan Nash, John Nash, J. and C. Nash Holdings Inc., and Caitlin Lennox \$75,000, and (ii) all parties agreed to fully release each other of all claims and comply with certain confidentiality and non-disparagement obligations. On October 24, 2023, the Court entered an Order dismissing the suit and all counterclaims.

Other than the action listed above, no litigation or other dispute resolution must be disclosed in this Item.

Item 4. BANKRUPTCY

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

Item 5. INITIAL FEES

Except as noted below, you must pay us a lump sum initial franchise fee of \$37,500 when you purchase a new center and sign a franchise agreement. We may offer qualified franchisees a discount of \$7,000 off the initial franchise fee for the purchase of a second or subsequent franchise. At the time you submit a franchise application, you must execute the form of Deposit Agreement attached to this Disclosure Document as Exhibit L, and pay a deposit of \$4,000. However, we will not collect this deposit until you have been disclosed with this Franchise Disclosure Document for the applicable disclosure period. When you sign the franchise agreement the deposit will be applied against the initial franchise fee. The deposit is fully refundable if you do not purchase a franchise.

The initial franchise fee is non-refundable and considered fully earned when paid in full at closing, except as described in this Item 5.

In addition to the initial franchise fee, we require you to purchase certain initial furniture, curriculum, literature and education materials, and shipping from us, costing approximately \$18,630 to \$23,910, before you open the franchised business. (See Items 7 and 8). These fees are deemed fully earned upon receipt and are non-refundable.

Except as disclosed in this Item 5, we charge an identical initial franchise fee to all franchisees.

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Item 6. OTHER FEES

Name of Fee	Amount	Date Due	Remarks
Royalty and Services Fee	10% of your monthly Gross Revenue for the 1 st through 12 th month of operation; the greater of 10% of your monthly Gross Revenue or \$1,000 per month from the 13 th month of operation to the 24 th month of operation; and the greater of 10% of your monthly Gross Revenue or \$1,250 per month starting in the 25 th month and each month thereafter.	At such times and in the manner as we specify, currently before noon on the 10 th day of each month	See Notes 1 and 2.
Advertising Fee	3% of your monthly Gross Revenue. We reserve the right to increase this amount to 4% of monthly Gross Revenue upon 30 days' written notice.	At such times and in the manner as we specify, currently on or before the 10 th day of each month	We maintain and administer an advertising and promotion fund. See Item 11 for additional details.
Multi-Area Marketing, Local Marketing, or Marketing Cooperatives (Also known as the Head Office Assisted Advertising Program "HAAP").	Amount we designate, not to exceed \$6,000 per fiscal quarter (unless approved by the cooperative)	At such times and in the manner as we specify, or as required by any cooperative	See Item 11 regarding our right to require participation in multi-area marketing programs or in regional marketing cooperatives. Outlets owned by us, or our affiliates will contribute on the same basis as franchisees. See Note 3.

Name of Fee	Amount	Date Due	Remarks
Transfer/Training Fee	The transfer fee is \$16,000 and is paid as follows: (i) \$9,000 by the seller, and (ii) \$7,000 by the buyer for training. You will be responsible for any broker costs in addition to the training and transfer fees.	At the time of transfer	Payable if you transfer your franchise. You must obtain our prior approval. Both you and the transferee are responsible for ensuring the fee is paid, and we may require payment directly by the transferee from the transfer proceeds.
Management Information System Fee	Amount we designate, currently \$235 per month	At such times and in the manner as we specify, currently on or before the 10 th day of each month	Monthly fee for use of our MIS; we may change the fee periodically in our sole discretion, upon 30 days' notice.
All Franchisee Meeting (AFM) Fee	\$400 per location per year	Prior to the AFM Meeting	If the meeting is held every 18 months rather than on a yearly basis, we reserve the right to prorate this fee (for example, if the AFM meeting is held every 18 months, you will be charged \$600 per location)
Relocation Fee	Our out-of-pocket expenses incurred in considering request for approval for relocation, up to a maximum of \$2,500	Within 10 days after invoice	Payable if you relocate your franchised business after receiving our written approval.
Unapproved Relocation Fee	\$5,000	Within 10 days after invoice	Payable if you relocate your franchised business without receiving our prior written approval.

Name of Fee	Amount	Date Due	Remarks
Renewal Fee	\$9,000	Upon execution of the then current franchise agreement	Payable if approved by us to renew your rights under the franchise agreement.
Taxes	Amount assessed to us by federal, state, or local tax authorities on any payments you make to us	As incurred	Includes sales, gross receipts, excise, use and similar taxes, but not income or franchise taxes.
Audit Fee	Cost of audit	Upon billing after audit	Payable only if an audit reveals that you have under-reported as described in Note 4 below.
Interest	18% per annum or maximum lawful rate (if less)	Upon demand	Payable if any fees or payments that are due to us are not paid when due.
Late Payment Fee	\$150 to \$300 depending on lateness, or if less, the maximum late charge allowed by applicable law	As incurred	Must pay fee for each overdue payment or report and for each payment our bank refuses to honor for any reason. See Note 5.
Damages, Liquidated Damages, Costs and Attorneys' Fees	Will vary under circumstances	As incurred	Payable only if your non-compliance with the franchise agreement causes us to incur damages or expenses, or if we prevail in arbitration or litigation. You pay liquidated damages of \$500 per day for each day you continue to operate the franchised business using our marks or systems, after expiration, termination, or transfer.

Name of Fee	Amount	Date Due	Remarks
Indemnification	Will vary under the circumstances	As incurred	You must reimburse us if we are held liable for claims by others arising out of or relating to your franchised business or your operations. See Note 6.
Supplier Approval	If you request us to approve a new supplier, there is no fee for supplier approval unless we require third-party testing, in which case you will pay the actual cost of the tests.	As incurred	You must reimburse us if we require third-party testing. See Item 8.
Upgrading, Modernization and Maintenance Costs	Your costs and expenses which will vary, but are estimated at from \$500 to \$5,000 every 5 years; \$10,000 or more for a major upgrade and modernization	As incurred	You must continually maintain, and must modernize, upgrade, refurbish or remodel your premises building, signs, and equipment (if necessary), at your cost every five years, and three months before the time of renewal to our specifications. You must maintain, and upgrade annually Computer Systems (defined in Item 8), as we may prescribe.
Management Fees if we must operate your facility as a result of your default or other circumstances where trained certified staff are not present.	Our expenses, plus reasonable compensation per franchised business per day	Upon Demand	We may operate one or more of your franchised businesses if you are in default. (See Section 7.10 of franchise agreement).

Name of Fee	Amount	Date Due	Remarks
Payments for Mandatory Goods, Services and Programs including but not limited to curriculum	Varies	Upon purchase or billing	See Note 7.
Ongoing Curriculum costs	2-4% of sales	Upon purchase	Cost is incurred to replace used curriculum.

The above table describes other recurring or isolated fees or payments that you must pay to us or our affiliates or which we uniformly impose or collect for a third party. These fees are not subject to imposition or modification based on the vote of any franchisee cooperative. Unless otherwise indicated, all fees are non-refundable and are uniformly imposed by, payable to, and collected by us. All funds to us must be paid in US Dollars.

Notes:

Note 1: In the past, due to economic downturns and other factors, we temporarily reduced the royalty or waived the minimum royalty for some franchisees. We do not anticipate varying our royalty going forward.

Note 2: If you purchase a new franchise, the royalty begins the first day that you begin business as deemed by us and continues throughout the duration of the franchise. "Gross Revenue" means all earnings (whether collected or billed or not) for goods or services by you or your agents or affiliates from the business premises or connected in any way to the System or Marks (defined in Item 13), including all auxiliary services requested by clients, promotional items, and merchandise, including any offsite services provided. Gross Revenue includes the amount of all sales lost by the interruption of business and which is the basis upon insurance being paid as business interruption insurance, and any other compensation in respect of loss of business. Gross Revenue shall include the portion of fees paid in advance for regular scheduled classes in the month. The calculation of Gross Revenue shall not include sales tax receipts that you must by law collect from customers and that you have paid to the government. The following shall be deducted from the calculation of Gross Revenue (i) any discounts given to clients on account of the purchase of any goods or services through the use of coupons or other promotions or allowances approved by us, provided the sale upon which the discount is given was recorded at full value in calculating the Gross Revenue; (ii) the amount of any cash refunded to a client on account of the return of any goods provided that the amount refunded with respect to that merchandise was originally included in calculating Gross Revenue; (iii) the unearned portion of any fees previously recorded that have been refunded or credited due to student cancellation or expulsion. Each sale of goods or services made upon installment or credit shall be treated as a sale at the full price at the time the goods or services are delivered or provided, irrespective of the time when you receive payment. No allowances shall be made for bad debts.

Note 3: Currently we have implemented one multi-area marketing program that all franchisees must participate in, called the Head Office Assisted Advertising Program (HAAP). At present HAAP is a digital marketing program intended to improve franchisee

online presence and inquiries in the local digital marketplace. Under HAAP, franchisees must contribute the amount we designate, not to exceed \$6,000 per fiscal quarter. The HAAP initiative is part of the required spend on local marketing. We currently calculate the HAAP fee in January of each year and notify franchisees; twelve equal payments payable to the Head Office are due on the 15th of each month.

Note 4: Any such examination shall be at our expense unless (i) the exam is necessitated by your failure to fully report or keep records pursuant to the franchise agreement or the Manual, or (ii) the exam discloses that you have understated your Gross Revenue by an amount in excess of 3%; (iii) if more than 5 students are not registered in the MIS; or (iv) you fail to pay your required royalty. In that event, you shall pay the expense of the examination upon demand including, without limitation, the fees and disbursements of any independent accountant or accounting firm, its employees, or representatives. Audit costs may vary from \$0 (if understatement less than 3% to more than \$20,000 (in the case of extremely bad accounting practices.)

Note 5: Payments and any associated reports received: (i) after noon EST on the day they are due will incur a late fee of \$150; (ii) after 5:00 PM EST on the day they are due will incur a late fee of \$200; and (iii) after 8:00 AM EST on the day after they are due will incur a late fee of \$300. Any other reports received after 5:00 PM EST on the day they are due will incur a late fee of \$200.

Note 6: You must protect, indemnify, and hold us harmless against any claims or losses arising out of the operation of the franchised business. If you default under the Agreement or any other agreement between us, and we engage an attorney for collection or enforcement, you must pay all our damages and costs to the extent permitted by law. See Section 5.12 of the franchise agreement.

Note 7: We may develop mandatory services, goods, curriculum, and multi-area marketing programs. Currently you must buy your curriculum and assessment materials, furniture, some advertising materials and the management information system software from us, our affiliate, or our designee. The cost of these items will vary depending on your revenues and number of customers. Generally, items purchased from us are paid F.O.B. and C.O.D. (you pay for freight, insurance, and materials before shipping.) You also should consider the potential effect of inflation on future costs.

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Item 7. ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment is to be Made
	Low	High			
Initial Franchise Fee ⁽¹⁾	\$37,500	\$37,500	Lump sum	\$4,000 deposit upon submission of franchise application; balance upon signing franchise agreement	Us
Management Information System License Fee ⁽²⁾	\$1,410	\$1,410	As incurred	Monthly	Us
Furniture ⁽³⁾	\$14,100	\$15,380	As incurred	Before opening	Us and Vendors
Equipment and Software ⁽⁴⁾	\$2,760	\$5,200	As incurred	Before opening	Vendors
Leasehold and Improvements ⁽⁵⁾	\$0	\$75,000	As incurred	Before opening	Landlord and vendors
Lease and Utility Deposits ⁽⁶⁾	\$2,000	\$6,000	As incurred	Before opening	Landlord and utility companies
Rent (Six Months) ⁽⁷⁾	\$9,000	\$25,500	As incurred	As incurred	Landlord
Curriculum, Literature, Education Materials ⁽⁸⁾	\$9,500	\$9,500	As incurred	Before opening	Us and Vendors
Office Supplies	\$550	\$1,500	As incurred	Before opening	Local office supply vendor
Professional Pre-Opening Fees ⁽⁹⁾	\$1,000	\$3,000	As incurred	Before opening	Third parties
Signs ⁽¹⁰⁾	\$3,000	\$7,000	As incurred	Before opening	Vendors
Shipping	\$1,320	\$5,000	As incurred	As incurred	Us
Expenses during training ⁽¹¹⁾	\$3,500	\$4,700	As incurred	Before opening	Vendors
Insurance ⁽¹²⁾	\$1,000	\$2,600	As incurred	Before opening	Insurance companies
Additional Funds for First 6 Months ⁽¹³⁾	\$35,000	\$50,000	As incurred	As incurred	Various vendors, employees, professionals, etc.
TOTAL	\$121,640	\$249,290			

Notes:

Unless otherwise stated, shipping and taxes are not included.

All fees and payments are non-refundable, unless otherwise stated or permitted by a third-party supplier.

The above table lists the major initial expense categories for a typical franchised business and estimated costs. These amounts are estimates only, and specific amounts will vary depending upon local market conditions, which are outside our control, and upon your choice of suppliers and locations. Your costs will also depend on how closely you follow the GRADEPOWER system standards, your management skill, local economic conditions, acceptance by local consumers, prevailing wage rates, competition, and other factors. Any applicable taxes are not included in these estimates. We cannot guarantee that your costs will not be higher. You should review the figures carefully with a business advisor before making any decision to purchase the franchise.

You should also allow for inflation, discretionary expenditures, fluctuating interest rates and other costs of financing, local market conditions, and unforeseen events (such as storms, fire, traffic disruptions, technology problems, zoning ordinances, local government requirements and strikes), which can be highly variable and can result in substantial, rapid, and unpredictable increases in costs.

We occasionally may sell an operating company-owned business, and when doing so, we may charge for goodwill, other intangibles, and other items that add value to an existing ongoing business. Franchisees may also sell their existing businesses. These amounts are not included in this disclosure document as they vary, are specific to any operating unit to be sold, and are difficult to predict. In our preceding fiscal year, we did not sell any U.S. company units.

The availability and terms of third-party financing depend on a number of factors including availability of financing generally, your creditworthiness and available collateral, lending institutions' policies concerning the type of business you operate, and other comparable elements. We are not able to estimate your loan repayments to third parties.

If you develop multiple franchised businesses, you will incur these expenses for each of the businesses.

To compile these estimates, we relied on (i) our predecessor's experience and its affiliated franchisees in operating similarly situated centers, (ii) the experience of our franchisees in opening and operating franchised businesses, and (iii) estimates provided by suppliers and other third parties.

We do not offer financing directly or indirectly for any part of the initial investment, but we may be able to suggest sources for financing.

Note 1. **Initial Fee.** The initial franchise fee is \$37,500 for one franchise, and any variations are described in Item 5.

Note 2. Management Information System License Fee. This includes license fees for our proprietary management information system during the first six months of operations. The license fee is currently \$235 per month.

Note 3. Furniture. Includes furniture required for the franchised business. Office furniture and shipping is not included.

Note 4. Equipment and Software. Includes Computers Systems (may be financed) (except for Management Information System software which is licensed separately), fax machine and other equipment as specified in the Manual.

Note 5. Leasehold and Improvements. The amounts are estimates only. Annual gross rent for a typical location may range from \$15 to \$80 per square foot or more. Most landlords will require you to pay the rent on monthly basis, on the 1st day of each month. Typical leases for our learning centers are for a 5-year term. Actual costs of real estate and improvements may be higher as costs for construction and leasehold improvements can vary substantially depending on the condition and size of the premises, the state or city you locate in and the landlord's willingness to contribute to these costs. The construction, leasehold improvements and any other alterations to the premises are done through vendors of your choosing and their costs largely depend on various factors directly pertaining to the specific premises. Typically, these costs are paid as incurred and are not refundable. In some cases, these costs may be rolled into the cost of the rent and paid for over the duration of the lease. It is also possible to negotiate with the landlord to pay these costs. You may be required to obtain certain licenses or permits for construction, operation, and occupancy. There may be a fee charged for them. These types of fees are generally not refundable. The typical size of location is 1,200 – 1,500 square feet.

We must approve your location, prior to your signing a lease, but the selection and lease negotiation of the premises are your sole responsibility. You should confirm zoning of the location prior to signing any document. We require a number of mandatory provisions in your lease agreement, and you and your landlord must sign an addendum to your lease in the form attached to the franchise agreement, or other form that we approve. During the entire term of your franchise agreement, you must have a space or location approved by us.

Note 6. Lease and Utility Deposits. Landlords may require first month's rent in advance and security deposit, and utility companies may require that you place a deposit prior to installing telephone, gas, and electricity and related utility services. A typical lease security deposit will be an amount equal to one month's rent. A typical utility security deposit is one month's expense. These deposits may or may not be refundable according to the conditions of the agreements made with the utility companies and landlord.

Note 7. Rent. This range includes the rent that you will pay over the first six months of operation. The low end of this range assumes your rent will be \$1,500 per month while the high end of this range assumes that your rent will be \$4,250 per month.

Note 8. Curriculum, Literature, Education Materials. The amount for inventory includes educational inventory such as proprietary curriculum, workbooks, and other materials necessary to operate a GradePower Learning center. All materials are detailed in the Manual.

Note 9. Professional Pre-Opening Fees. We recommend that you hire your own attorney to help you evaluate this franchise offering, to identify the laws and regulations that may apply to your franchised business, to help you set up a business entity, to review and negotiate your lease, and for whatever other purpose you deem appropriate. You may also hire a lease consultant, an accountant, and other professionals. You will pay your own legal and other expenses in connection with the review and negotiation of your lease.

Note 10. Signs. The cost of signage and graphics varies depending on various factors, including number of exterior signs, size of exterior signage, illumination requirements, internal wall heights, size of premises, floor plan and configuration, and landlord design criteria. You will purchase your signs from vendors of your choice, but all signs must conform to the specifications provided in the Manual. You must obtain our final design approval in writing before the vendor begins work on the sign. Landlords and municipalities may impose certain requirements and restrictions on your signs. You should check these before you sign a lease or an offer to lease.

Note 11. Expenses During Training. You must make arrangements and pay for expenses, if any, for you and your staff to attend our training program. See Item 11 for more information on training. Your designated manager and education director must complete the initial training program to our satisfaction.

Note 12. Insurance. The amount shown is an estimate of annual premiums for insurance that we specify. The actual cost will vary depending on various factors such as the size of your business, the region it is located in, your prior claims record, and whether you elect to purchase additional coverage. Third parties, such as landlords, government requirements, and insurers, will have their own requirements. Their requirements and ours will change over time. You must maintain the minimum insurance described in our then-current insurance requirements and written by an insurance company satisfactory to us. Each policy shall name us as an additional insured and shall state that the policy cannot be cancelled without 30 days' prior written notice to us. You must submit to us a copy or certificate or other acceptable proof of your required insurance.

Note 13. Additional Funds. This amount is an estimate of the additional miscellaneous ongoing expenses and the estimated royalty payable over and above your ongoing expenses involved during the first 6 months of operation. This estimate does not include any salary, finance costs, debt service payments or other payments to you. No earnings claim is implied. You will need capital (or cash flow from other sources) to support ongoing expenses, such as payroll, utility costs, wages, taxes, accounting, and other professional services, overhead, and other miscellaneous expenses to the extent these costs exceed your revenues from the franchised business. These figures are just estimates and we cannot guarantee that you will not have higher costs or other expenses, or that you will ever achieve profitability. If you are not profitable or have low net cash flow (for example, because of low sales, high costs, or high debt service), you will need more additional funds. As described in these footnotes, actual costs will depend on factors such as: the number of employees you will have; your management skill, experience, and business acumen; economic conditions; the local market; prevailing wage rates; and competition.

Item 8. RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Required Purchases or Leases; Required and Approved Suppliers. All products and services you use in connection with your franchised business must meet the then-current standards as specified by us in the Manual or otherwise in writing. You must purchase certain products and supplies from us, or approved vendors specified by us. We are currently an approved vendor for curriculum materials, furniture and some advertising materials and the only approved supplier of the management information system software. Except as stated above, we and our affiliates are not currently an approved vendor for any other items.

You must offer and sell only those products and services that are specified by us. In particular, you must purchase from us or from our approved vendors, all testing materials, instructional materials, student progress books, business forms, QuickBooks Online, checklists, report forms, books, manuals and other GradePower Learning products including all tutorial, remedial and enrichment instruction programs, all preparation courses and materials and all other products and services related to those programs and courses. You currently must license from us the management information system software. You must comply with our requirements concerning the introduction of any new or different products or service offered by you for sale.

You must acquire computers, mobile smart devices, smart processors in hardware including point of sale devices, software and related hardware, accounting systems and a payroll system, and systems to access the Internet and to communicate remotely, all as we specify (collectively, the “Computer Systems”), at a cost described in Items 7 and 11. As used in the disclosure document, the term “Internet” means any present or future interactive system for electronic communications, using lines, cables, wireless, satellite, radio or any other technology; and which involves one or more of the following: the system of interconnected computer networks that use the internet protocol suite (TCP/IP) or its successor; websites or similar remotely-accessible electronic information sources (whether password protected or not); use of domain names, other locators, or emails that use our trademarks; internet phone services; cellular or similar messaging; mobile applications; social networks or social media; or wikis, podcasts, online content sharing communities, or blogging.

You must also purchase from us or our designee any multi-area marketing programs, including regional and national accounts programs; marketing to multi-area customers; Internet marketing; events; directories; affinity marketing; vendor programs; membership, loyalty, and gift card programs; daily deal sites; online sales initiatives; contest and awards; and co-branding programs, that we develop in the future. We may be the only approved supplier of these programs. Such programs may require your cooperation (including refraining from certain channels of marketing and distribution), participation (including payment to us for products sold, commissions or referral fees), and adherence to pricing to the extent permitted by law.

We may offer or designate others to offer certain supplies or services (including marketing materials, grand opening marketing, site selection services, and construction management services), and our affiliates or we may become approved suppliers or the only approved suppliers for other goods and services.

Other than any ownership interest in us or our affiliates, there are no approved suppliers in which any of our officers owns an interest.

How We Issue Supplier Approvals. We base our specifications and standards on our discretionary determination of quality, value, and appearance. There are no written criteria for supplier approval, and we need not approve your supply sources, other than those purchases from us or our designees, described in this Item 8 above. We will respond to a written request for supplier approval within a reasonable time, normally with 30 days of its receipt. We may require suppliers to provide certain information, sign a non-disclosure agreement, guarantee our level of quality, and produce sufficient samples to allow us to test the sample at your expense. If you request us to approve a new supplier, there is no fee for supplier approval unless we require third-party testing, in which case you will pay the actual cost of the tests. We may revoke our supplier approval at any time. We may issue standards and specifications to you in manuals or directives, in writing or electronically, and we may modify them at any time.

We do not otherwise specify or approve your suppliers.

Our Specifications and Standards. To maintain uniform standards of quality, appearance, teaching, Lesson Planner Reviews, customer service standards, and marketing, it is essential that you conform to our standards and specifications. Our specifications are in our Manual. Therefore, you must conform all of your leases, fixtures, goods, services, inventory, equipment, Computer Systems, advertising, marketing, trademark usage, trade dress, suppliers, and materials required for the operation of the franchised business, to our standards and specifications. We expect that changes to technology, laws and markets will result in changes that we will make to our standards and specifications, and to our franchise system.

You are solely responsible for your own operations and employees, including hiring, firing, discipline, and other employment practices. You are solely responsible for monitoring and enforcing our franchise system standards within your business, including all communications with your employees and agents. If we provide you with forms or practices, you are solely responsible for ensuring that your forms and practices comply with local laws or other laws applicable to your business. You are responsible for ensuring that your employees are properly trained and certified to use our system. Any changes made by you to the franchise systems must be pre-approved by us in writing and will generally only be approved to the extent necessary to comply with applicable law. You must notify your employees in writing that you are their employer, and that we are not their employer or a joint employer.

Because the reputation of our trademarks and the franchised business depends on a uniform high quality of products and services, you may sell only approved products and services, and you must sell all products and services that we authorize. You must purchase all such goods and services from approved or designated sources. You must follow our trademark and copyright usage directions, and you must participate in and cooperate with our multi-area marketing programs.

Payments from Suppliers and from Sales to You.

A. Payments from Suppliers. Our suppliers currently do not pay us or our affiliates any money, but they may in the future, in the form of license fees, commissions,

promotional fees, advertising allowances, rebates, our annual convention promotions, or other payments.

B. Revenue from Sales by Us or Affiliates to You. Our affiliates or we, as generally described above, may derive revenue, profit, or markups from sales or leases to you for goods or services that we or our affiliates supply. These amounts are described in the next section.

C. Amounts of These Payments from Suppliers and from Sales to You. In our last fiscal year ended December 31, 2023, we derived revenues from the sales of products and services to franchisees in the approximate amount \$131,950, representing approximately 12% of our total revenues of \$1,091,558.

Extent of Required Purchases Compared to Your Total. Excluding the initial franchise fee, we estimate that the amount of your initial purchases from us or our affiliates and from suppliers approved by us represents approximately 22% to 28% of the total initial purchases for the establishment of your franchised business. During the operation of the franchised business, required purchases or leases from us or our affiliates, or that we specify are estimated to be approximately 4% of your annual operating expenses.

Cooperatives and Associations. There are no franchise purchasing or distribution cooperatives.

Warranty and Customer Service. You must honor customer warranties from us and our affiliates. You must not make any unauthorized guarantee or warranty or misrepresent or omit to state any warranty or guarantee that we authorize in writing. We are not liable for any guarantee or warranty you make to a customer or other third party unless we have agreed in writing to make that specific guarantee or warranty.

Negotiated Prices. We do negotiate purchase arrangements with certain suppliers for the benefit of franchisees.

Material Benefits. We do not provide any material benefits to you based solely on your use of designated or approved sources, other than that you will not be in default, will be able to renew or transfer.

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 Franchise or Other Agreement	Item in Disclosure Document
a	Site Selection and Acquisition / Lease	Sections 2.9, 2.10, 2.11, 3.2, Lease Addendum	Items 5, 7, 11,
b	Pre-opening Purchases / Leases	Sections 2.9, 2.10, 2.11, 2.12, 4.2, 5.5, Lease Addendum	Item 8,

	Obligation	Section in Franchise or Other Agreement	Item in Disclosure Document
c	Site Development and Other Pre-Opening Requirements	Sections 2.8, 2.9, 2.10, 2.12	Items 6, 7, 11
d	Initial and Ongoing Training	Sections 3.4 - 3.8	Item 11
e	Opening	Sections 2.9	Item 11
f	Fees	Sections 3.6 – 3.8, 4.1 - 4.9, 4.12, 4.16, 4.22, 4.24	Items 5, 6, 7
g	Compliance with Standards and Policies / Operating Manual	Sections 5.3, 6	Item 11
h	Trademarks and Proprietary Information	Sections 2.5-2.8, 6.1	Items 13, 14
i	Restrictions on Products / Services Offered	Sections 3.3, 6.3, 6.9, 6.11	Items 8, 16
j	Warranty and Customer Service Requirements	Sections 5.8-5.11, 6.6, 6.15, 6.19	Item 11
k	Territorial Development and Sales Quotas	Not applicable	Item 12
l	Ongoing Product / Service Purchases	Sections 4.2, 6.3, 6.8, 6.9	Item 11
m	Maintenance, Appearance and Remodeling Requirements	Sections 2.12, 2.13, 6.1 - 6.4, 7.4	Item 11
n	Insurance	Sections 5.5 - 5.7	Items 6 and 7
o	Marketing	Sections 2.5, 4.4 – 4.10	Items 6, 11
p	Indemnification	Sections 5.12	Item 6
q	Owner's Participation / Management / Staffing	Sections 6.1, 6.10	Items 11, 15
r	Records / Reports	Sections 4.11 – 4.19, 7.11.a	Item 6
s	Inspections and Audits	Sections 4.16 – 4.19, 6.7, 7.11	Item 6
t	Transfer	Sections 7.13 – 7.21 Resale Agreement (Exhibit K)	Item 17
u	Renewal	Sections 7.2 – 7.5	Item 17
v	Post-termination Obligations	Section 7.11, 7.12	Item 17
w	Non-competition Covenants	Sections 7.22 – 7.24	Item 17
x	Dispute Resolution	Sections 8.1 – 8.16	Item 17
y	Security Interest	Section 4.23	Item 17
z	Other: Guarantee of franchisee obligations (Note 1)	Section 6.10, 7.14, 7.15	Item 15

	Obligation	Section in Franchise or Other Agreement	Item in Disclosure Document
Notes: (1) Each person or entity that directly or indirectly owns any of the equity or voting control of the franchised business, and any spouse or legal domestic partner of an owner, must guarantee the terms of the franchise agreement.			

Item 10. FINANCING

Neither we nor any agent or affiliate offers direct or indirect financing to you, guarantees any note, lease, or obligation of yours.

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

Except as disclosed below, we need not provide any assistance to you. Some or all of our obligations and responsibilities to you may be delegated to an area representative, who may be an independent contractor.

A. Pre-Opening Assistance

Before the opening of your business, we will:

1. Lend and deliver to you a copy of the Manual (in one or more documents, in electronic or other media, or any Intranet or password-protected Internet site of confidential information concerning our system), which will assist you in implementing the franchise system. (Section 3.1, franchise agreement). This confidential manual remains our property; we may modify it at any time.
2. Consider the suitability of the proposed site you select for your business, and mutually agree upon the location of the proposed site. (Our approval of your site is not a guarantee of your success.) (Section 3.2, franchise agreement). You must conform your premises to the specifications and standards provided in our Manual, but we do not provide assistance with conforming your premises to local ordinances and building codes, with obtaining any required permits, or with constructing, remodeling, or decorating your premises. We do not generally own or lease your premises to you.
3. Specify or approve certain goods, services, inventory, equipment, fixtures, Computer Systems, marketing, trademarks, and trade dress to be used at the business (Section 3.3, franchise agreement). You must purchase initial furniture, curriculum, literature, and education materials from us, and we will have those items delivered to you. Our Manual contains written specifications and a list of approved suppliers for other items. We do not provide installation of any items.
4. Train you in our initial training program. (Sections 3.4, 3.5, franchise agreement). Also, see below in this Item 11 for more discussion of the training program. We do not provide you with assistance in hiring or training your employees.
5. Designate your territory. (Sections 2.1, 2.2, franchise agreement).

B. Operating Assistance

After you open your business, we will:

1. Continue to consult with you concerning controls, policies, procedures, sales, marketing, and supplies. Continue to offer advice, guidance, and experience to you, answer your questions and provide ongoing consultation. (Sections 3.1, 3.3, franchise agreement).
2. Review, approve, and provide you with marketing programs and advertising materials. (Sections 4.4, 4.10, franchise agreement).
3. Provide you with information on suggested prices for products and services your business offers. (Sections 4.10, 6.5 franchise agreement).
4. Continue efforts to develop the methods of operation, and lend you any amendments, supplements, or replacements to the Manual (as described below), and any amendments. We will notify you if there are any changes made to policies or procedures. (Section 3.1, franchise agreement).
5. Administer the Advertising Fee account, which will be placed in a separate account, and provide an annual unaudited accounting of such funds, and expend those funds on development of marketing and promotion (see below and Sections 4.4, 4.5, franchise agreement). We may charge the fund a reasonable fee to administer the fund and for our overhead costs.
6. Provide supplemental training for you and your employees, at your cost. (Sections 3.6, 3.7, franchise agreement).

Manual

We will loan you a Manual, in one or more volumes, or in electronic media, or on an Intranet or password protected portion of the Internet, and which may be amended, supplemented, or replaced at any time. The Manual is confidential (see Item 14), and contains mandatory and suggested specifications, standards, and operating procedures applicable to the franchised business. The table of contents is attached as Exhibit E. Currently the manual contains approximately 1,310 pages and approximately 21 hours and 24 minutes of videos.

Site Selection

The franchise agreement grants a franchise for a particular location which you select, subject to our approval. We will approve or disapprove the proposed location within 30 days of your complete written submission to us prior to signing the lease. Some of the criteria that we consider in approving locations include accessibility, safety, size, location, shopping patterns, community, zoning requirements, type of building, and age of building. You must deliver to us a complete copy of the signed lease along with a fully executed copy of the then-current Lease Addendum. See Attachment 4 of the franchise agreement. (Section 2.11, franchise agreement). In the absence of a signed Lease Addendum, and subject to approval from the landlord, we have the option to assume the lease not including any of your previous obligations resulting out of your commitment in the lease.

You must pay the cost of and complete all construction, finishing, furnishing, equipping, and decorating of the location as needed to comply with our specifications described in the Manual. You must acquire all permits and licenses necessary for operation of the franchised business. (Section 2.13, franchise agreement).

You must open and begin operating your franchised business from the approved location within 180 days of signing the franchise agreement. If you do not, we have the right to terminate the franchise agreement, without refund of the franchise fee. (Section 2.9, franchise agreement). Typically, franchisees open for business within 2 to 6 months of signing the franchise agreement. The factors that affect this time include: the ability to select a site; lease negotiations; design and construction; compliance with zoning and local ordinances; delivery of inventory and equipment; obtaining of building and professional permits and licenses; compliance with governmental certification requirements; weather conditions; shortages; unexpected events; and delays, such as delays in installation of equipment, fixtures, and signs.

Training Program

We will provide initial and ongoing training and assistance, as we may reasonably determine to be appropriate.

All training components and meetings referenced below in this Item 11 will be provided in-person or virtually online, as directed by us. Additionally, franchisees will undergo training, whether initial or additional, in the delivery of educational services by way of our GradePower on-line/module system.

Initial training will take place after payment of the initial franchise fee and before you open. In the case of a resale, initial training will take place after the payment of the transfer fee. Initial training will consist of up to 40 hours or more of online self-directed courses covering but not limited to an introduction to GradePower, administration, accounting and finance, center management, marketing sales and staffing. After completion of the self-directed courses, and prior to being accepted into on-line/module training, you must complete, submit, and pass all associated course work.

Upon successful completion of the self-directed and on-line/module training, 50+ hours of additional classroom training covering the operations of the GradePower System. This training will take place over a period of two weeks in London, Ontario, or other location determined by us. This training will be tailored to your needs, covering the items deemed necessary by the trainers. These sessions are offered to you and to your designated manager and education director, if applicable, four times per year.

We provide business training for the opening of your franchised business. See table below for details.

We provide initial training without charge to you and to your designated full-time manager and education director/education coordinator, if applicable. You are responsible for all expenses incurred by your attendees for training. You and your attendees must complete the training program to our satisfaction. If you or they do not, we have the right to terminate the franchise agreement, and any refund will be subject to section 4.1 of the franchise agreement. (Section 3.5, franchise agreement).

Currently, we require you to attend up to one week of Center Director re-training every five years, at our discretion. This training may be provided virtually online or in person for no additional charge, but we reserve the right to require you and your employees to complete to our satisfaction any other additional or advanced training we may reasonably require at any time. We will determine the duration, frequency, location, and content of any additional or advanced training in our sole discretion. (Section 3.6, franchise agreement).

Upon your request, and depending on availability, we will provide initial training to more than three persons. You will be responsible for all of the trainees' wages and other expenses to attend training. (Section 3.7, franchise agreement).

During the term of this Agreement, we will: continue to consult with and advise you; provide the franchise system and provide training and instruction on the use of teaching and instructional materials.

TRAINING PROGRAM

Subject	Hours of Home Study**	Hours of Classroom On-line/ Module Training***	Hours of On-The-Job Training	Location
Business: Franchisee/Franchisor Relationship; MIS Report Analysis; Center Management; Key Staff Hiring; Training and Retention; Financials; Projections; Marketing; and Operations Operations: The Oxford/GradePower Learning Difference; Teaching the Oxford/GradePower Way; the FISH! Philosophy; Curriculum and Programming; Education and Center Management; Inquiries; Client Retention; MIS; and Teacher Hiring; Training; and Retention Customer Experience: Running a Successful Center; Successful Parent Meeting; The Enrollment	Up to 40 hours	50+ hours	10+ hours	All training will be conducted at our location in London, Ontario, virtually/online, or another location that we designate*

Subject	Hours of Home Study**	Hours of Classroom On-line/ Module Training***	Hours of On-The-Job Training	Location
Process; Handling Inquiries; Phone Training; Retention Tools and Strategies; Building Referrals with Parents and Schools				

- * Upon your request, and depending on availability, we may, at our discretion, provide trainings onsite at your location rather than online.
- ** Home Study includes self-study, readings and video modules, and question and answer sessions.
- *** Classroom Webinar Training includes 1:1 and/or group live training.

Note 1. Instructors: The initial training program is supervised by Katarina Robertson, Director of Training. Ms. Robertson has been with us since 2013 and leads the Initial Training Program. Ms. Robertson has experience in the field since 2013. Lynne Killinger, CFO for us and OLC, conducts business planning and budgeting. Ms. Killinger has been with OLC since 2000 and has continuous experience in the field relevant to training since 2001. Sarah Hybels, our Franchise Performance and Growth Manager, will be working with you through the on-line/module training session. Ms. Hybels has experience in the field since 2022 and has been with us or our affiliates since 2022. Other qualified instructors and experienced franchisees with knowledge in particular areas may substitute for the above trainers or may assist them. Their identities are currently unknown. The minimum experience any trainer will have is one year.

Note 2. Additional Post-Opening Training: Additional training may be required within 6 months of opening your center. This training may occur virtually online for you and your staff. You are responsible for any expenses incurred by you or your staff to attend the training.

Computer and Hardware and Software:

You must acquire, maintain, and upgrade your Computer Systems, as we prescribe. You must comply with any separate software or other license agreement that we or our designee uses in connection with providing these services. (Section 6.8). Our current minimum requirements are a MAC or PC computer utilizing the latest operating system, with 1 TB hard drive, a 21" display, and internet connection; a laser printer with 600 x 600 dpi and 15 pages per minute printing capacity; and one iPad with 32 GB storage and Wi-Fi capability. These requirements will change as technology changes and current requirements will be described in the Manual.

The cost of the hardware and software is approximately \$2,760 to \$5,200. The hardware and software may be purchased from a vendor of your choice. You must pay the costs associated with maintaining and upgrading your computer system. We do not require or recommend any maintenance or support contracts, but the vendors do offer them at a cost

of approximately \$100 to \$200 per year. You must upgrade the computer system and software, as needed, during the term of your franchise agreement, the cost of which cannot be determined at this time. The franchise agreement does not contain any limitations on the frequency or cost of these upgrades, but we will not offer upgrades that are unreasonable.

You are required to license and use our proprietary online management information system. This system is used to record inquiry calls, visits, enrollments, complete client data, programming information, client information, accounting and financial information and assessment interpretation and preparation. The cost to license this system is currently \$235 per month. We reserve the right to change the fee upon 30 days' written notice to you. We will provide updates and revisions to this system, when deemed necessary by us, at no additional cost to you.

Your Computer Systems will be used to report to and communicate with us, and with your customers, for your accounting, and for other tasks that we may designate. We may have independent access to the information required in our reports, and to information generated and stored in your Computer Systems, without limitation. You must transmit information to us in real time or at intervals that we specify in the form and manner that we specify. In order to access your Computer Systems for the purposes permitted by the franchise agreement, you must give us any passwords, permissions, or other means to achieve our ongoing access.

Computer systems are vital to us and to you and are vulnerable in varying degrees to problems such as viruses, worms, spy-ware, power and access disruptions, Internet content failures, hardware and software failures, and cyber security breaches, and attacks by hackers and other unauthorized intruders. It is your responsibility to protect yourself from these problems. This may include taking reasonable steps to secure your Computer Systems and your other systems (including using and continually updating firewalls, access code protection, and anti-virus systems), to use backup systems, and to comply with privacy and data security laws. If you discover a data breach requiring notification to any third party, you must also simultaneously notify us.

Marketing

You will pay us an Advertising Fee contribution equal to 3% of your monthly Gross Revenue at the same time and in the same manner as the royalty fee. We may raise the Advertising Fee up to 4% of monthly Gross Revenue, discontinue or reduce Advertising Fees and expenditures, or may add, delete, or change advertising programs during the term of the franchise agreement. Your monthly contribution may be increased to a greater percentage of Gross Revenue as may be agreed upon periodically by a majority of the FAC and by us. Our company-owned units, if any, will contribute to the Advertising Fee on the same basis as franchisees. Depending on the year a franchisee executed their franchise agreement, they may be required to contribute a different amount than you. We will place the Advertising Fee in a separate bank account. We administer the Advertising Fee, which is not audited, but an annual unaudited financial statement summarizing the use of the funds will be available for your review upon written request 120 days after the end of our fiscal year. The media where advertising may be disseminated may be print, radio, television, Internet, or any other media. The coverage of the media may be local, regional, or national. The source of the advertising may be in-house or a regional or national advertising agency. We will use the Advertising Fee primarily for: the creation of materials and strategies for marketing,

promotion, and advertising and brand initiatives; administration of advertising or marketing (including salaries, outside creative services, media and agency costs, and other direct and indirect costs), administrative expenses, or any other use that we believe may benefit our trademarks or our franchisees. The Advertising Fee will not be used principally to solicit new franchise sales. Advertising expenditures may or may not be proportionate to contributions or provide direct benefit to any franchisee. We have no obligation to spend any amount on advertising in the franchisee's area or territory. We have the discretion how to spend the Advertising Fee and have no fiduciary duty with regard to the Advertising Fee. If you fail to pay required Advertising Fee payments, we may delete you from marketing programs without notice, in addition to our other remedies. (Section 4.4, franchise agreement).

There is no franchisee advertising council yet formed to advise us specifically on marketing policies. If one is formed, we will have the power to select and approve the members and to form, change, dissolve or merge the council. The Franchisee Advisory Council (FAC) disclosed in Item 20 may provide input to us on marketing policies from time to time in an advisory capacity. We formed and sponsored the FAC. Members are currently nominated by the franchisees, which are then approved by the FAC and then voted on by the franchisees. The members may change, dissolve, or merge the FAC.

All franchisees contribute an Advertising Fee. In our last fiscal year ended December 31, 2023, the Advertising Fees (together with HAAP fees, described below) were expended as follows:

Website/Internet/Digital/Social Media	54%
Creative	35%
Other*	11%
Total	100%

*Other includes our CallRail (links phone numbers to each marketing campaign) and Zmails (weekly communication, resources and strategies provided to franchisees) programs.

In future years these categories may change, and we will continue to disclose the percentages regarding our use of the Advertising Fees in our last fiscal year.

Our advertising and marketing expenditures will be limited to the amount of the contributions of Advertising Fees made by you and other franchisees. We may accumulate these funds, and the balance in the advertising account may be carried over to subsequent years and used for the purposes described in this Item. We reserve the right to terminate the Advertising Fee. (Section 4.5, franchise agreement).

Multi-Area Marketing and Regional Marketing Cooperatives.

We may also require you to join, participate in and pay into multi-area marketing programs (see Item 8), regional marketing cooperatives, or to spend an equivalent amount of money on your own local marketing. The cost of such programs combined will not exceed \$6,000 per fiscal quarter. You will participate, at your expense, in multi-area marketing programs as determined by us. We may under such programs require franchisees to refer certain customers to or from one another or us. (Sections 4.6 – 4.10, franchise agreement)

Currently, we have implemented one multi-area marketing program that all franchisees must participate in, called the Head Office Assisted Advertising Program (HAAP). HAAP is a digital marketing program that is intended to improve franchisee online presence and inquiries in the local digital marketplace. Under HAAP, franchisees must contribute the amount we designate, not to exceed \$6,000 per fiscal quarter. We currently calculate the HAAP fee in January of each year and notify franchisees; twelve equal payments are due on the 15th of each month. Our company-owned units, if any, will contribute to HAAP on the same basis as franchisees. We administer HAAP, which is not audited, but an annual unaudited financial statement summarizing the use of the funds will be available for your review upon written request 120 days after the end of our fiscal year. HAAP funds will not be used principally to solicit new franchise sales. We may accumulate HAAP funds, and the balance may be carried over to subsequent years and used for the purposes described in this Item.

Regional franchisee cooperatives may be established and administered by a majority vote of the franchisees in that region and must be approved by us at our discretion. The purpose of the franchisee cooperative will be solely to develop and implement cooperative marketing and special promotions within the region. The amount of contribution and type of marketing or promotions approved will be set by majority vote of the members of the cooperative, but we will not approve a contribution of more than \$6,000 per fiscal quarter (unless a greater amount is approved by the cooperative). This payment will be part of the minimum requirement of spending on local advertising required under the franchise agreement, as described below. We must approve the formation of the cooperative, amount of contribution, franchisees that must join, regions covered, governing documents, and all marketing and promotions. No decisions will be made, or advertising funds spent without our prior written approval. The cooperative must prepare annual unaudited financial statements, which must be delivered to us and other franchisees in the cooperative within 120 days after our fiscal year end. We may form, change, dissolve, or merge any cooperative.

At your expense, you must participate in and cooperate with all advertising and marketing programs selected by us or any approved group of franchisees (including Internet marketing programs).

Other Marketing by Franchisee.

You shall arrange and pay for the placement of a listing of the franchised business in any online telephone directories applicable to the area in which your franchised business is located. (Section 4.8, franchise agreement).

In addition to the Advertising Fee contribution discussed above, you will spend a minimum of \$6,000 per fiscal quarter on local advertising and promotion in such media and such times as we approve (this is in addition to the cost of advertising in the relevant phone directories, including the "Yellow Pages" or similar directory). You will receive credit against the \$6,000 per fiscal quarter for amounts spent for multi-area marketing programs (including HAAP payments) and regional marketing cooperatives. In addition, you will spend the amount determined by us on an initial marketing campaign within three months after opening. All these expenditures will be reported to us at the times and in the manner as we specify, including by electronic means. (Section 4.9, franchise agreement).

Our Approval of Marketing.

You may not market with or use our trademarks in any media (including the Internet or other electronic media) without our prior review and written approval, except when using materials approved by us. Our approval will normally take 7 to 10 days. All expenses of this independent marketing will be yours. You must follow our trademark and copyright usage directions. We control all Internet access, marketing, and usage related to the franchised business, and generally will not approve independent internet sites, including blogging and social media. (Sections 2.5, 2.6, 3.3, 4.10, and 6.5, franchise agreement.).

Item 12. TERRITORY

You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we or our affiliates own, or from other channels of distribution or competitive brands we control.

If approved, you will receive certain territorial protection in a defined territory (the "Territory"), subject to our reserved rights, summarized below. The Territory will be established by us, taking into account the relevant demographics in the area. The size of each Territory will be determined at the time of signing the franchise agreement for the franchised business and will be either a radius of protection in miles or be defined by a geographic border. In densely populated areas the radius is normally smaller than in a less populated area, but the minimum radius granted is 1/4 mile.

You may operate your franchised business only from a single address you select within the Territory, subject to our approval. You may relocate the franchised business within the Territory with our prior written approval, which will not be unreasonably withheld, subject to the following:

- a. You must submit the request to relocate in writing to us;
- b. You must be current with all your obligations to us;
- c. The new center must be set up according to our then-current standards;
- d. You reimburse us for our costs in evaluating and approving the new location, which is not to exceed \$2,500; and
- e. The new location cannot infringe on an existing GradePower franchisee's territory.

We will respond to a request for approval of a new address within 60 days. However, at our option the original location of the franchised business will remain the point from which the Territory is measured. If you relocate the franchised business without our prior approval, you must pay an unapproved relocation fee of \$5,000.

So long as you are not in default under the franchise agreement, neither we nor our affiliates will own, operate, or grant a franchise to own or operate any GradePower Learning fixed location franchise within the Territory, except as described in the franchise agreement. Exceptions to your Territory protections, and rights we reserve, are as follows:

- a. We may purchase or be purchased by, or merge or combine with, competing businesses wherever located; and
- b. We may sell any products or services, anywhere (including within the Territory) through channels of distribution other than the type of business currently reserved to you in the Territory (including Internet, mail order, and retail channels). The Internet is a channel of distribution reserved exclusively to us, and you may not independently market on the Internet or conduct e-commerce; and
- c. We may establish, operate, own, or franchise any business, including competitive businesses, at any location outside the Territory; and
- d. We may implement multi-area marketing programs. If you do not service a customer developed by a multi-area marketing programs, we may make other arrangements to do so;
- e. We may provide dissimilar goods or services anywhere; and
- f. We may establish, operate, own, or franchise any business, including competitive businesses, if we use trademarks other than those specifically identified to be licensed to you anywhere. (Section 2.3, franchise agreement).

We currently do not have plans to operate or franchise a business that sells or will sell goods or services similar to those that you will offer.

Customer Restrictions. There are no limits on the area in which we may solicit, accept orders, or sell goods or services, except as limited by any multi-area marketing program, and by the franchise agreement. We will not compensate you for any sales we make in your territory. You may not solicit, accept orders, or sell goods or services other than from the approved location of your franchised business without our prior written consent. All Internet marketing is a part of multi-area marketing programs, and you may not market independently on the Internet, conduct e-commerce, or acquire a domain name or website, unless approved by us in writing, and under our conditions and format.

Continuation of Territorial Protections; No Additional Rights. You may lose your territorial protections if you default under your franchise agreement, but your territorial protections are not otherwise dependent upon achievement of a certain sales volume, market penetration, or any other contingency. The franchise agreement does not provide you with any options, rights of first refusal or similar rights to acquire additional franchises within your Territory or areas contiguous to your Territory.

Item 13. TRADEMARKS

We grant a limited, non-exclusive license to use the principal trademarks and other trademarks in connection with the operation of your franchised business only at your premises and within your designated territory, provided you use these trademarks as outlined in the franchise agreement and our Manual. By trademark we mean trade names, trademarks, service marks, logos, trade dress, and other commercial symbols used to identify the franchised business (the "Marks"). We license to you the trademarks

GRADEPOWER®, GRADEPOWER LEARNING, GradePower Learning, and GPA 5.0 design marks, and other future Marks. Our primary Marks are registered with the U.S. Patent and Trademark Office (“PTO”) on the Principal Register, as described below. We also claim common law rights in the Marks based on our and our predecessor’s prior usage. You may not use any of our Marks as part of your business entity name, or your Internet domain name or any similar Internet identifier or account name, or on any employee forms. We control all Internet access, marketing, and usage related to the Marks and the franchised business. We may require or permit you to use other Marks, in our sole discretion.

MARK	REGISTRATION NUMBER	DATE OF REGISTRATION	STATUS
GRADE POWER	4,219,340	October 2, 2012	Registered; Renewed
	4,304,723	March 19, 2013	Registered; Renewed
GradePower Learning	5,213,198	May 30, 2017	Registered
BEYOND TUTORING	2,763,437	September 16, 2003	Registered; Renewed
VOWEL MOUNTAIN	3,052,615	January 31, 2006	Registered; Renewed
SHOEBOX PHONICS	3,228,979	April 17, 2007	Registered; Renewed
WAY BEYOND TUTORING	3,658,954	July 21, 2009	Registered; Renewed
GRADEPOWER AT HOME	6,349,682	May 11, 2021	Registered
VIRTUAL TABLE	6,681,864	March 29, 2022	Registered

All required affidavits have been filed.

Other than as stated in this Item 13, there are currently no effective determinations of the USPTO, the Trademark, Trial and Appeal Board, or the trademark administrator of any state where this disclosure document is required, or any court, involving our principal Marks. We are not aware of any pending infringement, opposition, or cancellation proceedings or pending material litigation involving our principal Marks. There are no infringing uses or alleged superior prior rights of our principal Marks actually known to us that could materially affect use of the Marks in any state. However, if we are prohibited from using one or more of the Marks, we will require you to use another approved and available GradePower mark.

Before February 20, 2020, our Marks were owned by our parent OLC and licensed to us. On February 20, 2020, OLC entered into a transaction with Diversified Royalty Corp. (“DRC”), a Canadian public company listed on the Toronto Stock Exchange, whereby OLC transferred all of the trademarks and certain other intellectual property owned by OLC (the “IP”) to OX Royalties Limited Partnership, a British Columbia limited partnership (“OX LP”), which is controlled by DRC. The IP transferred to OX LP included the Marks that we will license to you under the franchise agreement. As part of the transaction OLC entered into a long-term License and Royalty Agreement dated February 20, 2020, with OX LP (the “IP License”) granting OLC the exclusive right to use and sub-license and grant to us the right

to use and to sub-license the IP. OLC is required to make a significant monthly payment to OX LP for continued use of the IP. The IP license is for 99 years and may be terminated by OX LP for OLC's uncured material breach.

We entered into a long-term License and Royalty Agreement dated February 20, 2020, with OLC (the "IP Sublicense"), which grants us the exclusive right to use and sublicense the use of the Marks and other related IP in the United States. We are required to make monthly royalty payments to OLC for continued use of the IP. The IP Sublicense is for 99 years and may be terminated by OLC for our uncured material breach. If the IP License or IP Sublicense is terminated, you may be required to stop using the Marks.

Except for the IP License and the IP Sublicense, there are no currently effective agreements that limit our rights to use or license the use of the Marks in a manner material to the franchise.

You will conduct and diligently promote the franchised business under the name GradePower Learning, or other Marks we specify, throughout the term of the franchise. You will follow our directions for use of the Marks. If you cannot lawfully use the name GradePower Learning in the Territory, you must obtain our written approval for another name.

You must obtain our prior written approval for any use of any Item of printed, audio, visual, Internet, electronic media, or multimedia material of any kind bearing any of the Marks, unless we supplied the item. You must follow our Mark and copyright usage directions. You will indicate to third parties that your business is "independently owned and operated" and that OX LP owns the Marks, and you use them under license.

The rights granted to you in the franchise agreement are subject to the following obligations:

- a. You must convey to us any new developments or additional rights you acquire in using the Marks and System. You must assign the development rights to us and will execute any documentation that is required to effect the assignment. All improvements to the System that you develop shall become our sole and absolute property.
- b. Any documents, contracts, licenses, permits and official documents will be in your separate business name, and if they refer to the Marks, will state that your Mark use is limited by this franchise agreement.
- c. You must notify us immediately if there is any infringement or challenge to your use of the Marks. We are not obligated to protect your right to use the Marks and may direct you not to use the Marks, and to change the Marks at your expense.
- d. We, OLC or OX LP, will own the Marks and all goodwill associated with the Marks.

If you learn of any actual or potential claim against you or us relating to the use of the Marks, trade names or copyrighted materials, you must promptly notify us. We will promptly take such action as we deem necessary to address any such claim. We have the right to defend,

compromise or settle any claim using attorneys of our own choosing and you must cooperate fully with us. We are not obligated by the franchise agreement to protect your rights to use these Marks or to participate in your defense or indemnify you for expenses or damages if you are a party to an administrative or judicial proceeding involving our Mark or if the proceeding is resolved unfavorably to you, but we may at our option defend, prosecute, or settle these claims or litigation.

We reserve the right to change or discontinue the use of any Mark, name, symbol, or other corporate identification. If this occurs you must conform to the change at your own expense. You may not contest our, OLC's or OX LP's ownership, license, title, right or interest in our Marks that are part of the franchised business. Upon termination of the franchise agreement for any reason, you must cease using these Marks in any manner.

Item 14. PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

Patents

You do not receive the right to use an item covered by a patent. We have no pending material patent applications.

Copyrights

We grant to you a limited, non-exclusive license to use our Manual and other copyrighted information (the "Copyrighted Materials") in connection with the operation of your franchised business only at your premises and within your designated territory, provided you use these materials as outlined in the franchise agreement. You may use the information contained in our Manual, in one or more volumes, or in electronic media, or on an Intranet or password protected portion or the Internet, and which may be amended, supplemented, or replaced at any time. While no application for registration of these Copyrighted Materials has been filed with the United States Copyright Office, we claim copyright protection for these materials, including the Manual, and all marketing, training, and other proprietary materials (including educational materials, literature, and curriculum) used in connection with the System.

As described in Item 13, on February 20, 2020, our parent OLC entered into a transaction with DRC whereby OLC transferred the IP to OX LP. The IP transferred to OX LP included the Copyrighted Materials that we will license to you under the franchise agreement. In connection with the transaction, OLC entered into the IP License and was granted the exclusive right to use and sub-license and grant to us the right to use and to sub-license the IP. OLC in turn entered into the IP Sublicense with us and granted to us the exclusive right to use and sublicense the use of the Copyrighted Materials and other related IP in the United States. If the IP License or IP Sublicense is terminated, you may be required to stop using the Copyrighted Materials.

Except for the IP License and the IP Sublicense, there are no currently effective agreements that limit our rights to use or license the use of the Copyrighted Materials in a manner material to the franchise.

Your use of the proprietary information in the Manual must be in strict accordance with the franchise agreement. You must promptly tell us when you learn about any unauthorized use of this proprietary information. We are not obligated to take any action but will respond to

this information as we think appropriate. We will handle disputes with third parties concerning use of our copyrights and proprietary information.

Proprietary Information

On behalf of ourselves, OLC, and OX LP, we claim trade secret protection with respect to our knowledge, trade secrets, curriculum, teaching methods, proprietary assessment interpretation model, products, systems, information, customer lists, prospect and supplier lists, Manual, proprietary software (if any), confidential electronic and other communications, methods of Internet and trademark usage, marketing programs, and research and development.

You acknowledge in the franchise agreement that all of these are proprietary and are our trade secrets and that you will maintain their confidentiality. You must follow our security procedures, including you and any agent or employee who is allowed access signing any non-disclosure, and Intranet, Extranet, and Internet usage agreements that we require. The signed original non-disclosure agreements must be delivered to us within one week of any access of any person to confidential information. You must promptly tell us when you learn about unauthorized use of our proprietary information. You must comply with all privacy and data breach laws with respect to customer lists. If you discover a data breach requiring notification to any third party, you must also simultaneously notify us. Unauthorized use of the Manual and the System will constitute a breach of the franchise agreement and an infringement of our proprietary rights, including trade secrets and copyrights.

Upon the expiration or termination of the franchise agreement, you will immediately return to us all copies of the Manual, and all items containing the Marks, and all copyrighted and proprietary items. You must follow all of the confidentiality requirements, even after the termination or expiration of the franchise agreement.

There are no currently effective material determinations of the PTO, the United States Copyright Office, or any court regarding any patents or copyrights material to the franchise business.

We have no obligation to protect patents, patent applications or copyrights material to the franchise business, or to defend franchisees against claims arising from the franchisee's use of patented or copyrighted items.

Item 15. OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

Your personal supervision, participation, and example is essential to the success of the franchised business. You or your designated manager who has been awarded training and assessment certification by us, must participate personally and full-time in the franchised business. If you are a corporation, partnership, or other entity to which the franchise agreement has been assigned with our prior approval in writing, a designated 50% or majority owner who is a natural person must personally manage the franchised business on a full-time basis. Each person or entity that owns any of the equity or voting control of the franchised business must guarantee the terms of the franchise agreement. Any newly designated owner must obtain our approval in writing, sign a guarantee of the franchise agreement, and satisfactorily complete the training program at your expense. Spouses and

legal domestic partners of owners must also sign franchise agreement or the personal guaranty. A copy of the guaranty is attached to the franchise agreement.

You (or your designated approved owner) and any designated full-time manager and education director or education coordinator must satisfactorily complete training. If an entity franchisee to which the franchise agreement has been assigned wishes to change its designated owner, you must notify us of this fact, and we must approve it in writing. Your new designated owner must satisfactorily complete the training program at your expense.

You must ensure that all persons (your spouse, directors, officers, shareholders, partners, agents, and all employees) having direct or indirect access to any confidential information and the Manual must execute the Confidentiality and Non-Competition Agreement attached as Attachment 7 to the franchise agreement or an equivalent form that we approve.

You must not permit or allow your owners, shareholders, officers, managers, assistant managers, employees, representatives, agents, or subcontractors to engage in conduct which is unlawful or damaging to the goodwill or public image of the System or the Marks.

If we may terminate the franchise agreement as provided elsewhere in the franchise agreement (because you have not cured a curable default or because no opportunity to cure is required), we may also or instead manage or operate the franchised business on your behalf, for up to 90 days. All revenues received by us from the operation of the franchised business will be kept in a separate account. Our expenses and reasonable compensation shall be charged to such account. If we do so after termination or expiration, we may buy or sell the business and provide you with any net proceeds, within six months after the effective date of termination, in addition to our post-termination option to purchase described in the franchise agreement.

Item 16. RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

To maintain uniform quality standards, you must follow our directions concerning the services and products you provide. You may only offer and sell products and services approved by us. You must offer, sell, and provide all of the required services and products we specify. We have the right to change the types of approved or required services and products, and there are no limits on our right to make these changes. You must not offer, sell, or provide any products or services in any manner other than at your approved location, unless you have our prior written consent. You may not offer, sell, or provide any products or services through the Internet or other media without our prior consent. We do not limit you regarding the customers to whom you may offer, sell, or provide products or services within the Territory, except as to multi-area marketing programs described in Item 12, and as described above.

We may recommend the prices you charge to your customers, set your maximum and minimum prices to customers, require promotional pricing, determine pricing strategy of multi-area marketing programs, and set you prices for certain products and services, each to the extent permitted by law.

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Item 17. RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

This table lists certain important provisions of the franchise and related agreements. You should read these provisions in the agreements attached to this disclosure document. All references are to the franchise agreement, unless otherwise specified.

	Provision	Section in Franchise or Other Agreements	Summary
a	Term of the franchise	Section 7.1	The term of the franchise agreement is for 10 years.
b	Renewal or extension of the term	Section 7.2	One additional 10-year period, subject to certain conditions.
c	Requirements for you to renew or extend	Section 7.2 – 7.5	Give timely notice, pay fee, be free from default, fully comply, and sign a new franchise agreement (and renewal addendum) that may have materially different terms than the original franchise agreement. We may at our option waive some of these requirements and may instead allow you to renew by assuming the original franchise agreement, in which case the parties will sign our form of an assumption and mutual release agreement, which will extend the term for one 10-year term. The circumstances that we may not renew are if: (a) you have breached the franchise agreement; (b) you do not pay timely the renewal fee; (c) you do not have continued right to possession of the center or of a substitute center approved by us; (d) you do not continually maintain, and every five years and three months before the time

	Provision	Section in Franchise or Other Agreements	Summary
			of each renewal modernize, upgrade, refurbish or remodel, the center building, signs, and equipment; and (e) if: (i) the franchise is terminable by law or under the franchise agreement; (ii) you fail to give timely written notice of exercise of your renewal option; (iii) you fail to satisfy our then-current standards for new franchisees; (iv) you are in default under the franchise agreement; (v) you have received 3 default notices in a 24 month period; or (vi) we permit you to continue to operate under a different trade name in the same trade area or otherwise to realize the value of the business. Alternatively, if at the time for renewal we are not offering franchises in the U.S. or cannot by law offer a renewal franchise to you, your existing franchise agreement will be extended for a one-year period; if at the end of the one-year extension we still have not offered franchises in the U.S. or still cannot by law offer a renewal franchise to you, the franchise agreement will expire and you will not have any further renewal or extension rights.
d	Termination by you	Section 7.6	You may not terminate prior to expiration.
e	Termination by us without cause	Not applicable	Not applicable.
f	Termination by us with cause	Section 7.7, 7.8. 7.9	You can be terminated if you default. The franchise agreement and other agreements define your obligations.
g	"Cause" defined – defaults which can be cured	Section 7.8	30 days to cure for breach of the franchise agreement or other agreements between us or

	Provision	Section in Franchise or Other Agreements	Summary
			required by the franchise agreement; failure to conduct the business in an ethical or businesslike manner, or complete required training, repairs, or renovations, comply with the System or Manuals, or obtain our approval of any new or amended lease or related document.
h	“Cause” defined – defaults which cannot be cured	Section 7.9	Material misrepresentation, abandon initial training, insolvency (except as may be limited by bankruptcy laws,) loss of occupancy of premises, unauthorized relocation, committing a crime, 3 or more defaults in a 12-month period, abandonment, making an unauthorized transfer or unauthorized trademark use or unauthorized disclosure of trade secrets, endangering public health or safety, repeated defaults.
i	Your obligations on termination / nonrenewal	Section 7.11	De-identification, payment of past due and future amounts, non-disclosure, non-competition, return manuals and proprietary materials, assessment materials, student, and parent records, allow our inspection and audit, assignment of lease, phone, Internet and other directory numbers and listings, facilitate our right of first refusal and options, etc. We have a security interest in your business assets and may foreclose on our interests to secure your obligations to us.
j	Assignment of contract by us	Section 7.19	We may assign rights and obligations in whole or in part to any person or entity. No restrictions.

	Provision	Section in Franchise or Other Agreements	Summary
k	"Transfer" by you – definition	Section 7.13	Includes transfer of contract, assets, center, or ownership change
l	Our approval of transfer by you	Sections 7.13, 7.14, 7.15 Resale Agreement (Exhibit K)	Requires prior written consent, which will not be unreasonably withheld if conditions are met. We may in our sole discretion offer to assist you with the resale of your franchise, subject to state law. If you accept our offer, you and we will sign our then-current form of resale agreement (see Exhibit K)
m	Conditions for our approval of transfer	Sections 7.14, 7.15	Provide us at least 60 days' prior notice of intent to transfer, accompanied by required information; transferee qualifies and successfully completes training; payment of transfer fee (see Item 6); transferee signs our then-current form of agreement with then-current terms; transferee updates center to then-current standards, and assumes all your obligations in connection with your business, including lease obligations; and you sign a release (see also below).
n	Our right of first refusal to purchase your business	Section 7.16	We may match any offer for your business, for 30 days.
o	Our option to purchase your business	Section 7.12	Upon termination or expiration, we have an option to buy all of the assets of your business, by giving you written notice before or on the effective date of any expiration or termination. The option price is the net depreciated book value (calculated by using the straight-line depreciation method on a 5-year depreciation schedule, irrespective of the depreciation method or schedule you use for accounting purposes)

	Provision	Section in Franchise or Other Agreements	Summary
			of all of the tangible assets of the business, less any amounts owed to us, and less any secured indebtedness and taxes owed by you to any third parties. We may exclude from our purchase your liabilities and certain non-compliant or unusable assets. If you are located in California, the option price may be different—see the State Addenda in Exhibit A.
p	Your death or disability	Section 7.20	Franchise must be assigned by estate to a buyer approved by us within 90 days, and in the interim managed by the legal representative of the estate, trained at estate's cost. Your heirs or legal representative may apply to us to be accepted as a transferee. Standard conditions of transfer apply, but no transfer fee for transfers to your heirs or legal representative.
q	Non-competition covenants during the term of the franchise	Section 7.22	No involvement in competing business, no disclosure of confidential information, no solicitation of customers.
r	Non-competition covenants after the franchise is terminated or expires	Section 7.23	No competing business for two years within 25 miles of your Territory, or any other franchised, franchisor-owned, or affiliated company-owned premises, and on the Internet or other multi-area marketing channels used by us; non-solicitation of customers.
s	Modification of the agreement	Section 9.7	Amendments to franchise agreement must be in writing and signed, but Manual, System, products, etc., are subject to change.

	Provision	Section in Franchise or Other Agreements	Summary
t	Integration/merger clause	Section 9.13	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. We may change the Manual and System.
u	Dispute resolution by arbitration or mediation	Sections 8.1 – 8.14	You must first bring any claim or dispute between you and us to our management team, after providing notice of such claim and make every effort to resolve the dispute internally. You must exhaust this internal dispute resolution procedure before you may bring your dispute before a third party. Except for certain claims for immediate relief, all disputes must be first mediated, then if not settled arbitrated, in the city where our headquarters are then located, which currently is London, Ontario, Canada, or in the next-closest city in which the arbitration service has an office.
v	Choice of forum	Section 8.13	Arbitration forum is discussed above. Any lawsuit must be brought in U.S. federal or state courts in London, Ontario, Canada, or closest to the city of our then-current headquarters, except as stated in state specific addenda attached at Exhibit A to this disclosure document.
w	Choice of law	Section 8.15	Delaware law, U.S. Federal Arbitration Act, and U.S. Federal Trademark Act (Lanham Act) all apply, except as stated in state specific addenda attached as

	Provision	Section in Franchise or Other Agreements	Summary
			Exhibit A to this disclosure document.
x	Security Interest	Section 4.23	As security for prompt payment, performance, and satisfaction of all your obligations under the franchise agreement, you must grant to us a continuing lien on and security interest in all of the assets of your franchised business

The State Specific Addenda in Exhibit A, to the extent applicable, may also describe certain state laws that may supersede the franchise agreement in your relationship with us.

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 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 Nick Whitehead at 747 Hyde Park Road, Suite 230, London, ON, Canada N6H 3S3 and 866-650-4447, the Federal Trade Commission, and the appropriate state regulatory agencies.

Item 20. OUTLETS AND FRANCHISEE INFORMATION

Table No. 1
Systemwide Outlet Summary
For Years ended 2021, 2022, 2023

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised U.S.	2021	24	23	-1
	2022	23	19	-4
	2023	19	18	-1
Franchised Canada ¹	2021	124	126	+2
	2022	126	127	+1
	2023	127	130	+3
Company U.S.	2021	0	0	0
	2022	0	0	0
	2023	0	0	0
Company Canada	2021	0	1	+1
	2022	1	0	-1
	2023	0	0	0
Total Outlets	2021	148	150	+2
	2022	150	146	-4
	2023	146	148	+2

¹ These Canadian outlets are franchises of our affiliate, OLC, and currently do business as “Oxford Learning Centres.”

Table No. 2
Transfers of Outlets from Franchisees to New Owners (other than Franchisor)
For Years 2021, 2022, 2023

State	Year	Number of Transfers
Florida	2021	0
	2022	1
	2023	2
Kentucky	2021	0
	2022	0
	2023	1*
North Carolina	2021	0
	2022	0
	2023	1
Canada ¹	2021	3
	2022	5
	2023	11
Total – US and Canada	2021	3
	2022	6
	2023	15

¹ These Canadian outlets are franchises of our affiliate, OLC, and currently do business as “Oxford Learning Centres.”

*This franchisee transferred its franchise and the transferee relocated the franchise to Florida, which is in the process of opening, but was not open as of December 31, 2023.

Table No. 3
Status of Franchised Outlets¹
For Years ended 2021, 2022, 2023

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations – Other Reasons	Outlets at End of Year
AL	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
CA	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
CO	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
FL	2021	6	0	0	0	0	0	6
	2022	6	0	0	0	0	0	6
	2023	6	0	0	0	0	1 ³	5
ID	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
IL	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	1	0	0	0	0	2
KY	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	1	0
MN	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
NC	2021	2	0	0	0	0	0	2
	2022	2	0	0	1	0	0	1
	2023	1	0	0	0	0	0	1
OH	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
TX	2021	6	0	1	0	0	0	5
	2022	5	0	0	0	0	3	2
	2023	2	0	0	0	0	0	2
VA	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
U.S. Totals	2021	24	0	1	0	0	0	23
	2022	23	0	0	1	0	3	19
	2023	19	1	0	0	0	2	18
Canada¹	2021	124	2	0	1²	0	0	126
	2022	126	2	1	0	0	0	127

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations – Other Reasons	Outlets at End of Year
	2023	127	4	0	0	0	1	130
Total All	2021	148	2	1	0	0	1	149
	2022	149	2	1	1	0	3	146
	2023	146	5	0	0	0	3	148

¹ These Canadian outlets are franchisees of our affiliate, OLC, and currently do business as “Oxford Learning Centres.”

² The franchise agreement for the Windsor Lasalle center expired and was not renewed. Two individuals through their company were managing the business while moving through the process to become the franchisee of that location.

³ This franchisee transferred their franchise agreement, however, the new franchisee is in the process of re-opening the location, but they were not open as of December 31, 2023. Accordingly, this franchisee is included in Table 5 as a franchisee with a signed franchise agreement, but was not yet open as of December 31, 2023.

Table No. 4
Status of Company Owned Outlets
For Years ended 2021, 2022, 2023

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of Year
U.S. Totals	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0
Canada ¹	2021	0	1 ²	0	0	0	1 ²
	2022	1	0	0	0	1	0
	2023	0	0	0	0	0	0
Totals All	2021	0	1	0	0	0	1 ²
	2022	1	0	0	0	1	0
	2023	0	0	0	0	0	0

¹ These Canadian outlets were owned by our affiliate and did business as “Oxford Learning Centres”.

² The franchise agreement for the Windsor Lasalle center expired and was not renewed. Two individuals through their company were managing the business while moving through the process to become the franchisee of that location.

Projected Openings As Of December 31, 2023

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
FL	2	3	0
TX	0	2	0
Total	2	3	0

The name of each of our current franchisees, including those who have signed franchise agreements but are not yet open, and the address and telephone number of each of their outlets as of the end of our last fiscal year (unless another date is stated on the list) is in Exhibit F. Our fiscal year ends on December 31 of each year.

The name and last known city and state, and the current business telephone number (or, if unknown, the last known home telephone number) of every franchisee within the most recently completed fiscal year who has had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement or who has not communicated with us within 10 weeks of the issuance date of this disclosure document, is in Exhibit F.

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 the GradePower 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.

If we sell a previously franchised business that we now control, detailed five-year ownership and transfer information will be provided separately from this disclosure document.

We sponsor a Franchisee Advisory Council (FAC) with three franchisee members –

Jan Haskins
c/o GradePower Learning – Largo, FL
12931 Walsingham Road
Largo, FL 33774

Michael Howard
c/o GradePower Learning – Meridian, ID
3327 North Eagle Road
Suite 100
Meridian, Idaho 83646
208 608 5061

Gordon Falk
c/o GradePower Learning – Austin South
4301 W William Cannon, Bldg. B, Suite 220
Austin, TX 78749
512 892 7323

There is no separate website for the FAC.

Item 21. FINANCIAL STATEMENTS

Our fiscal year end is December 31. Exhibit G contains our audited financial statements as of December 31, 2021, December 31, 2022, and December 31, 2023.

Item 22. CONTRACTS

The following form contracts are included as exhibits to this disclosure document:

- Exhibit D - Franchise Agreement with the following attachments:
 - Attachment 1: Territory
 - Attachment 2: Individual Guaranty
 - Attachment 3: Assignment and Renewal Addendum
 - Attachment 4: Lease Addendum – Tri-Party Agreement
 - Attachment 5: Assignment of Telephone Numbers, Domains, and Email
 - Attachment 6: Electronic Funds Transfer Authorization
 - Attachment 7: Confidentiality and Non-Competition Agreement
- Exhibit H - Confidentiality & Non-Disclosure Agreement / Application
- Exhibit I - Compliance Certification
- Exhibit J - Form of General Release
- Exhibit K - Form of Resale Agreement
- Exhibit L - Deposit Agreement
- Exhibit N - Receipt

Item 23. RECEIPT

Exhibit N of this disclosure document is a document acknowledging receipt of this disclosure document by you. Please sign and date both and return a copy to us and retain one copy for your records.

EXHIBIT A
STATE SPECIFIC ADDENDA

ILLINOIS STATE SPECIFIC PROVISIONS

The following modifications are to the G.B. Tokani, Inc. Franchise Disclosure Document and may supersede, to the extent then required by valid applicable state law, certain portions of the Franchise Agreement dated _____, 20__.

Illinois law governs the agreements between the parties to this franchise, to the extent required under the Illinois Franchise Disclosure Act or other Illinois law.

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.

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. This Section shall not prevent any person from entering into a settlement agreement or executing a general release regarding a potential or actual lawsuit filed under any of the provisions of this Act, nor shall it prevent the arbitration of any claim pursuant to the provisions of Title 9 of the United States Code.

No action shall be maintained under section 26 of this Act to enforce any liability created by this act unless brought before the expiration of 3 years after the act or transaction constituting the violation upon which it is based, the expiration of one year after the franchisee becomes aware of facts or circumstances reasonably indicating that he may have a claim for relief in respect to conduct governed by this Act, or 90 days after delivery to the franchisee of a written notice disclosing the violation, whichever shall first expire. No cause of action barred under existing law on the effective date of this Act shall be revived by this Act. Every cause of action under this Act survives the death of any person who might have been a plaintiff or defendant.

Your rights upon Termination and Non-Renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

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.

ACKNOWLEDGMENT:

It is agreed that the foregoing state law addendum supersedes any inconsistent portion of the Franchise Agreement dated the _____ day of _____, 20__, and of the Franchise Disclosure Document, but only to the extent they are then valid requirements of an applicable and enforceable state law, and for only so long as the state law remains in effect.

DATED this _____ day of _____, 20__.

FRANCHISOR:

FRANCHISEE:

G.B. TOKANI, INC.

By: _____

By: _____

Title: _____

Title: _____

Date: _____

Date: _____

**(MUST BE SIGNED BY ALL OWNERS AND
MANAGERS OF AN ENTITY FRANCHISEE)**

NEW YORK STATE ADDENDUM TO FDD

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

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR RESOURCES OR 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 ANYTHING IN THIS FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE APPROPRIATE STATE OR PROVINCIAL AUTHORITY. 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 THAT ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

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

Except as provided 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 that is 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 ten years 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 a franchisee to renew or extend,” and Item 17(m), entitled “Conditions for a 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; this proviso intends 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 a 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(w), titled “Choice of Law”:

The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or the franchisee by Article 33 of the General Business Law of the State of New York.

6. Franchisee 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.
7. Receipts—Any sale made must be in compliance with Section 683(8) of the Franchise Sales Act (N.Y. Gen. Bus. L. Section 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 earliest 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.

VIRGINIA ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for G.B. Tokani, Inc. for use in the Commonwealth of Virginia shall be amended as follows:

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.

Additional Disclosure: The following statements are added to Item 17:

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any ground for default or termination stated in the franchise agreement does not constitute "reasonable cause," as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

EXHIBIT B
SBA FRANCHISE ADDENDUM



ADDENDUM TO FRANCHISE AGREEMENT¹

THIS ADDENDUM (“Addendum”) is made and entered into on _____, 20____, by and between _____ (“Franchisor.”), located at _____, and _____ (“Franchisee.”), located at _____.

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

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

CHANGE OF OWNERSHIP

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

FORCED SALE OF ASSETS

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

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

remainder of the franchise term (excluding additional renewals) for fair market value.

COVENANTS

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

EMPLOYMENT

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

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

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

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

Authorized Representative of FRANCHIOR:

By: _____

Print Name: _____

Title: _____

Authorized Representative of FRANCHISEE:

By: _____

Print Name: _____

Title: _____

EXHIBIT C

NAMES AND ADDRESSES OF STATE REGULATORY AUTHORITIES AND AGENTS FOR SERVICE OF PROCESS IN CERTAIN STATES

STATE	STATE REGULATORY AUTHORITY	AGENT FOR SERVICE OF PROCESS
California	Commissioner of Financial Protection and Innovation 320 West 4th Street, Suite 750 Los Angeles, CA 90013 (213) 576-7505 (866) 275-2677 One Sansome Street, Suite 600 San Francisco, CA 94104 (415) 972-8559	Commissioner of Financial Protection and Innovation 320 West 4th Street, Suite 750 Los Angeles, CA 90013 (213) 576-7505 (866) 275-2677 One Sansome Street, Suite 600 San Francisco, CA 94104 (415) 972-8559
Connecticut	Banking Commissioner 260 Constitution Plaza Hartford, CT 06103-1800 (860) 240-8230	[Not Applicable]
Florida	Dept of Agriculture & Consumer Services Division of Consumer Services 2005 Apalachee Pkwy. Tallahassee, FL 32399-6500 (850) 410-3800	[Not Applicable]
Hawaii	Business Registration Division Department of Commerce & Consumer Affairs 335 Merchant Street, Room 203 Honolulu, HI 96813 (808) 586-2722	Commissioner of Securities of the State of Hawaii, Department of Commerce & Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street Room 203 Honolulu, HI 96813 (808) 586-2722
Illinois	Franchise Bureau Office of the Attorney General 500 South Second Street Springfield, IL 62706 (217) 782-4465	Franchise Bureau Office of the Attorney General 500 South Second Street Springfield, IL 62706 (217) 782-4465
Indiana	Indiana Secretary of State Securities Division, E-111 302 West Washington Street, Room E-111 Indianapolis, IN 46204 (317) 232-6681	Indiana Secretary of State 302 West Washington Street, Room E-111 Indianapolis, IN 46204 (317) 232-6681
Maryland	Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, MD 21202-2021 (410) 576-6360	Maryland Securities Commissioner at the Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, MD 21202-2021 (410) 576-6360

STATE	STATE REGULATORY AUTHORITY	AGENT FOR SERVICE OF PROCESS
Michigan	Consumer Protection Division Michigan Department of Attorney General G. Mennen Williams Building, 1 st Floor 525 W. Ottawa Street Lansing, MI 48933 (517) 373-7117	Michigan Department of Consumer and Industry Services Corporations, Securities & Commercial Licensing Bureau P.O. Box 30018 Lansing, MI 48909 2407 N Grand River Ave Lansing, MI 48906 (517) 241-6470
Minnesota	Minnesota Department of Commerce 85 7th Place East, Suite 280 St. Paul, MN 55101-2198 (651) 539-1600	Minnesota Commissioner of Commerce 85 7th Place East, Suite 280 St. Paul, MN 55101-2198 (651) 539-1600
Nebraska	Staff Attorney Department of Banking and Finance Commerce Court 1230 "O" Street, Suite 400 Lincoln, NE 68508-1402 (402) 471-3445	[Not Applicable]
New York	NYS Department of Law Investor Protection Bureau 28 Liberty St., 21 st Floor New York, NY 10005 (212) 416-8222	Attention: New York Secretary of State New York Department of State One Commerce Plaza, 99 Washington Avenue, 6th Floor Albany, NY 12231-0001 (518) 473-2492
North Dakota	North Dakota Securities Department Fifth Floor 600 East Boulevard Avenue State Capitol, Fifth Floor, Department 414 Bismarck, ND 58505 (701) 328-4712	North Dakota Securities Commissioner State Capitol, Fifth Floor 600 East Boulevard Avenue Bismarck, ND 58505 (701) 328-4712
Oregon	Department of Insurance and Finance Corporate Securities Section Labor and Industries Building Salem, OR 97310 (503) 378-4387	[Not Applicable]
Rhode Island	Department of Business Regulation State of Rhode Island Securities Division Building 69, First Floor John O. Pastore Center 1511 Pontiac Avenue Cranston, RI 02920 (401) 222-3048	Director Department of Business Regulation State of Rhode Island Securities Division 1511 Pontiac Avenue John O. Pastore Center Cranston, RI 02920 (401) 462-9588

STATE	STATE REGULATORY AUTHORITY	AGENT FOR SERVICE OF PROCESS
South Dakota	Department of Labor and Regulation Division of Insurance Securities Regulation 124 S Euclid, Second Floor Pierre SD 57501 (605) 773-3563	Director, Department of Labor and Regulation Division of Insurance Securities Regulation 124 S Euclid, Second Floor Pierre, SD 57501 (605) 773-3563
Texas	Secretary of State Statutory Document Section 1019 Brazos Austin, Texas 78701 (512) 475-0775	[Not Applicable]
Utah	Division of Consumer Protection Utah Department of Commerce 160 East 300 South Salt Lake City, UT 84111 (801) 530-6601	[Not Applicable]
Virginia	State Corporation Commission Division of Securities and Retail Franchising Ninth Floor 1300 East Main Street Richmond, VA 23219 (804) 371-9051	Clerk, State Corporation Commission 1300 East Main Street, First Floor Richmond, VA 23219 (804) 371-9733
Washington	Department of Financial Institutions Securities Division P.O. Box 9033 Olympia, WA 98501 (360) 902-8760	Director, Department of Financial Institutions Securities Division 150 Israel Road S.W. Tumwater, WA 98501 (360) 902-8760
Wisconsin	Division of Securities Department of Financial Institutions 4822 Madison Yards Way, North Tower Madison, WI 53705 (608) 266-0448	Administrator, Division of Securities Department of Financial Institutions 4822 Madison Yards Way, North Tower Madison, WI 53705 (608) 266-2139
Federal Trade Commission	Bureau of Consumer Protection 600 Pennsylvania Avenue, NW Washington, D.C. 20580 (877)-382-4357	[Not Applicable]

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

There may also be additional agents appointed in some of the states listed.

EXHIBIT D
FRANCHISE AGREEMENT



G.B. TOKANI, INC.

FRANCHISE AGREEMENT

Franchisee: _____

Territory: _____

Date: _____

Expiration: _____

Start Date of Initial Term: _____

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Attachment 1: DESIGNATED TERRITORY

Attachment 2: INDIVIDUAL GUARANTY

Attachment 3: ASSIGNMENTS AND RENEWAL/ADDENDUM

Attachment 4: LEASE ADDENDUM

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Attachment 6: ELECTRONIC FUNDS TRANSFER AUTHORIZATION

Attachment 7: CONFIDENTIALITY AND NON-COMPETITION AGREEMENT

G.B. TOKANI, INC.

FRANCHISE AGREEMENT

This Franchise Agreement ("Agreement") is effective as of _____, _____ (the "Effective Date"), between **G.B. Tokani, Inc.**, a Delaware corporation located at 747 Hyde Park Road, Suite 230, London, ON, Canada N6H 3S3 ("we", "us", or "our"), and _____, a _____ located _____ at _____ ("you", or "your").

RECITALS

As the result of significant expenditure of time, skill, effort and money, our affiliates or we have developed and own a proprietary System (as defined below) relating to the establishment, development, and operation of facilities offering educational services and products.

We have the right to use and to license others to use the System and Marks (as defined below) in the U.S., to use the goodwill associated with the Marks, and to enforce our rights to the Marks.

You desire to obtain a license to use the Marks and System in connection with the operation of a GradePower Learning franchise, and we desire to grant you the rights necessary to do so, on the terms and conditions set forth in this Agreement.

The parties agree as follows:

ARTICLE I
DEFINITIONS

"Advertising Fee" means the separate fund used by us for the purposes specified in this Agreement. The Advertising Fee is not a trust or escrow account and is managed by us in our sole discretion.

"Assessment" means any initial and subsequent assessments and testing of a student or prospective student, according to our model, to ascertain student abilities and needs as a precursor to a proposal to deliver, or delivery of, products and services that are part of the System.

"Assets" means all of the assets of the Business, including all inventories, supplies, furnishings, equipment, fixtures, any land, buildings, and improvements; cash and equivalents, receivables, instruments and securities, intangibles, supplier and prospect lists, business records, phone number and any directory listings, and other assets used by or needed by the Business.

"Business" means the franchised business that you are authorized to operate under this Agreement, and under the System.

“Center” means the one location within the Territory and as described in Attachment 1 at which you may operate.

“Competitive Business” means a business other than a GradePower Learning center or our website that provides any of the following: supplemental educational services to children, services, or products similar to or competitive with those offered by the Business, or products or services that use any part of the System.

“Computer Systems” means computers, mobile smart devices, smart processors in hardware including point of sale devices, software (developed or to be developed) and related hardware, accounting systems, and systems to access the Internet and to communicate remotely, all as we specify.

“Gross Revenue” means all earnings (whether collected or billed or not) for goods or services by you or your agents or affiliates from the business premises or connected in any way to the System or Marks, including all auxiliary services requested by clients, promotional items and merchandise, and offsite services provided. Gross Revenue includes the amount of all sales lost by the interruption of business and which is the basis upon insurance being paid as business interruption insurance, and any other compensation in respect of loss of business. Gross Revenue shall include the portion of fees paid in advance for regular scheduled classes in the month. The calculation of Gross Revenue shall not include sales tax receipts that you must by law collect from customers and that you have paid to the government. The following shall be deducted from the calculation of Gross Revenue (i) any discounts given to a clients on account of the purchase of any goods or services through the use of coupons or other promotions or allowances approved by us, provided the sale upon which the discount is given was recorded at full value in calculating the Gross Revenue; (ii) the amount of any cash refunded to a client on account of the return of any goods provided that the amount refunded with respect to such merchandise was originally included in calculating Gross Revenue; (iii) the unearned portion of any fees previously recorded that have been refunded or credited due to student cancellation or expulsion. Each sale of goods or services made upon installment or credit shall be treated as a sale at the full price at the time such goods or services are delivered or provided, irrespective of the time with which you receive payment. No allowances shall be made for bad debts.

“HAAP” means Head Office Assisted Advertising Program and is part of your required spend on local advertising. This program is managed through our head office and the cost is charged to your account.

“Internet” means any present or future interactive system for electronic communications, using lines, cables, wireless, satellite, radio or any other technology; and which involves one or more of the following: the system of interconnected computer networks that use the internet protocol suite (TCP/IP) or its successor; websites or similar remotely-accessible electronic information sources (whether password protected or not); use of domain names, other locators, or emails that use the Marks; internet phone services; cellular or similar messaging; mobile applications; social networks or social media; or wikis, podcasts, online content sharing communities, or blogging. Unless the

context otherwise indicates, Internet includes methods of accessing limited access electronic networks, such as Intranets, Extranets, and WANs.

“Manual” means any embodiment of the System, including notices of new standards and techniques; and any amendments, supplements, derivative works, and replacements; whether embodied in electronic or other media.

“Marks” means our owned or licensed trade names, trademarks, service marks, logos, decor, trade dress, lay out, and commercial symbols, and similar and related words or symbols, now or in the future associated with us, you, the System, or the Business, whether or not they are registered, including, “GradePower”.

“Multi-Area Marketing Programs,” means regional, national, or international programs designed to increase business, such as: marketing to multi-area customers, Internet marketing, shows, events, directories, affinity marketing, vendor programs, loyalty and gift card programs, and co-branding programs. Such programs may require your cooperation (including refraining from certain channels of marketing and distribution), participation (including payment of commissions, referral fees, and software fees), and adherence to our pricing to the extent permitted by law. For example, loyalty and gift card programs may require that you buy equipment and supplies, and pay for activation, processing, transactions, and maintenance. All such programs, and related customer and prospect lists, are our proprietary trade secrets. HAAP is a Multi-Area Marketing Program.

“OLC” means Oxford Learning Centres, Inc., our Canadian parent.

“OX LP” means OX Royalties Limited Partnership, the owner of the Marks and of all works protected by copyright that are used or exploited by us or OLC in connection with the System, including all standards, specifications, documentation, manuals, curriculum materials, workbooks, posters, charts, teaching materials, advertising materials, and promotional materials, relating to the System, but specifically excluding any software.

“Territory” means the geographic area outlined or described on Attachment 1, subject to any exceptions or reservations contained in this Agreement.

“Transfer” by you means to voluntarily or involuntarily, transfer, assign, sell, or encumber or grant a lien or security in, any interest in or ownership or control of: (i) any franchisee ownership interest or franchisee entity; (ii) substantial or material Assets of the Franchised Business; (iii) the location or lease, (iv) this Agreement; or (v) the Business.

“System” means, collectively, means our proprietary methods and resources for establishing, developing, and operating a Business. The System includes our unique and valuable knowhow, information, trade secrets, curriculum, teaching methods, proprietary assessment interpretation model, Manuals, standards, designs, methods of usage of the Marks and of copyrightable works, products and service sources and specifications, proprietary software, confidential electronic and other communications, methods of Internet usage, marketing programs, technology programs, supplier programs, and

research and development connected with the operation and promotion of the Business; all as may be developed or modified by us at any time. We expect that changes to technology, laws and markets will result in changes that we will make to the System. All such modifications become our property. You acknowledge that the System is not generally known and is beyond your present skills and experience; and that to develop the System would be expensive, time-consuming, and difficult.

ARTICLE II GRANT OF FRANCHISE; MARKS

General Grant.

- II.1 We grant you a license to operate the Business in the Territory using the System and the Marks, for the term of this Agreement, and subject to this Agreement.

Territory, Customer Solicitation, Reserved Rights, and Multi-Area Marketing.

- II.1 You may operate the Business only, and only within the Territory at the Center. You may relocate the Center within the Territory with our prior written approval, which will not be unreasonably withheld.
- II.2 So long as you are not in default under this Agreement, neither we nor our affiliates will own, operate, or grant a franchise to own or operate the Business within the Territory, except as described in this Agreement. Exceptions to your Territory exclusivity, and rights we reserve, are as follows:
- a. Merger. We may purchase or be purchased by, or merge or combine with, competing businesses wherever located; and
 - b. Other Channels, Including Internet. We may sell any products or services, anywhere (including within the Territory) through channels of distribution other than the type of business currently reserved to you in the Territory (including Internet, mail order, and retail channels). The Internet is a channel of distribution reserved exclusively to us, and you may not independently market on the Internet or conduct e-commerce; and
 - c. Other Territories. We may establish, operate, own, or franchise any business, including competitive businesses, at any location outside the Territory; and
 - d. Regional and International Marketing. We may implement Multi-Area Marketing Programs. If you do not service a customer developed by a Multi-area Marketing Program, we may make other arrangements to do so; and

- e. Dissimilar Goods. We may provide dissimilar goods or services anywhere; and
 - f. Other Trademarks. We may establish, operate, own, or franchise any business, including competitive businesses, if we use trademarks other than those specifically identified to be licensed to you anywhere.
- II.3 Solicitation. There are no limits on the area in which we may solicit, accept orders, or sell goods or services, except as limited by any Multi-Area Marketing Program, and by this Agreement. You may not solicit, accept orders, or sell goods or services other than from the Center and within the Territory without our prior written consent.
- II.4 Marks, Internet, and System.
- a. You will conduct and diligently promote the Business under the name GradePower Learning, or other Marks we specify, throughout the term of this Agreement. You will follow our directions as to usage of the Marks. If you cannot lawfully use the name GradePower Learning in the Territory, you must obtain our written approval for another name.
 - b. Although you must use the Marks as your trade name, in the manner that we specify, you must also have and use a separate legal entity name. You may not use the Marks or any similar marks or words in your legal entity name. You may not independently market on the Internet register or use any domain name, address, locator, link, metatag, or search technique, with words or symbols similar to the Marks.
 - c. We retain the sole right to market and to use the Marks on the Internet, including all use of websites, domain names, URLs, linking, advertising, and co-branding arrangements. You will provide us with content for our Internet marketing and sign any Intranet and Internet usage agreements we may require. We retain the right to create websites or webpages for you at a fee as specified in the Manual. We retain the right to approve any linking or other use of our website. You may not establish a presence on the Internet except as we may specify, and only with our prior written consent. You must follow all applicable laws, and our policies concerning data collection and privacy, if any. Any franchisee website may be accessed only through our home page.
- II.5 You must obtain our prior written approval for any use of any item of printed, audio, visual, Internet, electronic media, or multimedia material of any kind bearing any of the Marks, unless we supplied the item. You must follow our

Mark and copyright usage directions. You will indicate to third parties that the Business is “independently owned and operated” and that OX LP (and any successor owner) owns the U.S. rights to the Marks, and you use the Marks under a license.

II.6 The rights granted to you in this Agreement are subject to the following obligations:

- a. We or our licensors (including OX LP) will own the Marks and System all goodwill associated with the Marks and System. You will not dispute or contest, directly or indirectly, the ownership, distinctiveness or enforceability of the Marks and System or the validity of any application or registration therefor, nor directly or indirectly dilute or depreciate the goodwill or the value of the benefits and advantages attaching to the Marks, nor directly or indirectly impair the distinctiveness of the Marks, nor attempt or counsel, procure or assist anyone else to do any of such acts. All benefits and advantages associated with or arising out of the use of any of the Marks by you shall inure entirely to the benefit of us or our licensors. You have no right, title, or interest in or to the Marks or System except the use of the same as set out in this Agreement, and nothing in this Agreement shall be construed as an assignment or grant to you of any right, title, or interest in or to the Marks or System.
- b. You agree to disclose promptly to us any and all inventions, discoveries, improvements, developments, or other intellectual property rights that are conceived or made by you or your employees or agents that are in any way related to the establishment or operate of a System Business (collectively, the “Improvements”), all of which shall be automatically and without further action owned by us without compensation to you (including all intellectual property rights therein). Whenever requested to do so by us, you will execute any and all applications, assignments, or other instruments that we may deem necessary to apply for and obtain intellectual property protection or to otherwise protect our interest therein. These obligations shall continue beyond the termination or expiration of this Agreement. If a court shall determine that we cannot automatically own certain of the Improvements that may be developed, then you hereby agree to grant us a perpetual, royalty-free worldwide license to use and sublicense others to use such Improvements.
- c. Any documents, contracts, licenses, permits and official documents will be in your separate business name, and if they refer to the Marks, will state that your trademark use is limited by this Agreement.
- d. You must notify us immediately if there is any infringement or challenge to your use of the Marks. We are not obligated to protect

your right to use the Marks and may direct you not to use the Marks, and to change the Marks at your expense.

- e. You must keep the Manual and confidential aspects of the System confidential, and not disclose them other than to your employees and only to the extent necessary for those employees to perform authorized duties. You must follow our security procedures, which include the execution of approved nondisclosure agreements, and Intranet, Extranet, and Internet usage agreements, by you and any employee or agent who is allowed access. Unauthorized use of the Manual or the System will constitute a breach of this Agreement and an infringement of our proprietary rights, including trade secrets and copyrights. You must promptly tell us when you learn about unauthorized use of our proprietary information.
 - f. Nothing in this Agreement prohibits you from reporting to any governmental authority information concerning possible violations of law or regulation and you may disclose trade secret information to a governmental official or to an attorney and use it in certain court proceedings without fear of prosecution or liability, provided you do so consistent with 18 U.S.C. 1833. This provision shall not be construed as altering your status as an independent contractor or any other provision of Section 5.1.
- II.7 If it becomes advisable in our opinion at any time to modify or discontinue using any of the Marks or to use one or more additional or substitute trade or service marks, you agree to comply with our directions within a reasonable time after receiving notice. We need not reimburse you for your direct expenses of changing your Center's signs, for any loss of revenue due to any modified or discontinued Mark, or for your expenses of promoting a modified or substitute trademark or service mark. We may exercise these rights at any time and for any reason, business or otherwise, that we think best. You acknowledge both our right to take this action and your obligation to comply with our directions.

Center and Signage.

- II.1 You must open the Center for business within 180 days after you sign this Agreement.
- II.2 Contemporaneously with the execution of this Agreement, the parties will execute the attached Attachment 1 that identifies the approved Center and Territory or, if no Center has been identified, sets forth the Territory within which you shall locate the Center.
- II.3 You are responsible for choosing the location of your Center within the Territory, entering into any necessary lease, obtaining permits, and opening

the Center. You must use best efforts to do so. You must obtain our approval of the Center, which will be based on factors we consider relevant. You may purchase or lease the required real property and improvements from any source, and upon terms approved by us in writing. You will deliver to us any traffic, competition, demographic, and similar location information relating to any proposed site that we reasonably request. We will approve or disapprove the proposed location prior to signing the lease, and within 30 days of your complete written submission to us. You will deliver to us a copy of the proposed lease for the Center. You and the landlord must execute a Lease Addendum in our current form attached as Attachment 4 to the Franchise Agreement. The Lease Addendum amends and governs the lease. During the entire term of this Agreement, you must maintain a lease approved by us. You may not terminate or amend the lease or relocate your Center without our prior written consent. If you intend to renew or amend your lease or to move the location of your Center, you must provide us with six months written notice of your intent. You must provide us with a copy of any proposed amended or new lease and any other information we may reasonably request 90 days prior to executing any such document. You must provide us with an executed copy of any lease and any amendments, renewals, and related documents. You must operate the Business only at the Center except as authorized in writing by us. The Center must be used exclusively by you and solely for the purposes permitted by this Agreement.

- II.4 You are responsible for the cost and completion of all construction, finishing, furnishing, equipping, and decorating of the Center as needed to comply with our specifications as set forth in the Manual. You are responsible for acquiring all permits and licenses necessary for operation of the Business. We must approve all plans for and improvements to the Center.
- II.5 All signage must be in accordance with our then-current signage standards.

Telephone, Internet, and Directories.

- II.1 You must have a separate business telephone number. You may not independently market on the Internet or outside the Territory without our written permission. We may provide you with permission to market on the Internet, or to use a domain name, or to use Internet directory links, or an email address for the Business. All telephone, email, Internet domain name, Internet directory, and listings of all kinds for the Business are our property, and will revert to us on termination or expiration, at our option. You agree to execute all documents considered by us as necessary to affect any transfer or assignment to us of all telephone, email, Internet domain name, Internet directory, and listings of all kind. At the time of execution of this Agreement, you will also execute the Assignment of Telephone Numbers, Domains and Email contained in Attachment 5.

ARTICLE III FRANCHISOR'S DUTIES

Operation and Manuals.

- III.1 We will continue our efforts to develop the Systems. We will lend you or allow you access to the confidential Manual for the initial franchisee training session and if you satisfactorily complete training, for the term of this Agreement. If you lose the Manual, you must notify us immediately and we may charge you a reasonable fee for replacement.

Location of Center.

- III.1 We will review and approve or disapprove the location of the Center. Our approval of the location of the Center is no representation of the success, availability, or earnings potential of a Center in that location.

Equipment, Inventory, Advertising and Services.

- III.1 We will specify or approve certain goods and services used in the Business, as provided elsewhere in this Agreement. We may negotiate marketing or supply programs with suppliers and obtain payments for advertising or financial allowances for doing so. We may receive any commissions, discounts, rebates, allowances and other benefits and advantages which may result from third parties supplying goods or services to you and other franchisees. We will review and approve marketing and your other approval requests pursuant to this Agreement and will not unreasonably delay our approvals or disapprovals allowed or required by this Agreement.

Initial and Ongoing Training and Assistance. All training components and meetings referenced below in this Section III, will be provided in-person at our offices in London, Ontario, at your location, virtually online, or at any other location determined by us.

- III.1 We will provide initial and ongoing training and assistance as we may reasonably determine to be appropriate. Initial training will take place after payment of the initial franchise fee and before you open. Initial training will consist of up to 40 hours or more of online self-directed courses covering but not limited to an introduction to GradePower, administration, accounting and finance, center management, marketing sales and staffing.
- III.2 Upon successful completion of the online/module self-directed training, we will provide a 2-week classroom training session that we conduct at our offices in London, Ontario, or other location we designate. This training will consist of at least 50 hours, covering the operations training of the GradePower System. The next stage of training will consist of practical experience tailored to your needs, covering the items deemed necessary by the trainers. These sessions are offered to you and to your designated

manager and education director, if applicable. Your attendees must complete the training program to our satisfaction. If you or they do not, we have the right to terminate this Agreement. We may require additional training within six (6) months of you opening your location. This training may occur in-person or online for you and your staff, as we designate in our discretion. You are responsible for any expenses incurred by you or your staff to attend the training.

- III.3 You and your employees must complete, within the timeframe we specify and to our satisfaction, any initial, additional, or advanced training we may reasonably require. We may require such training if we develop new aspects of the System, you add key staff to your center, if you are underperforming in any way, or you are in default under this Agreement in addition to our other remedies on default. Upon your request, and depending on availability, we may also provide initial training to any newly designated manager or education director.
- III.4 Upon your request, and depending on availability, we may provide initial training to more than the three persons identified in Section 3.5. We also require you to attend up to one week of re-training every five years, at our discretion.

ARTICLE IV FRANCHISEE'S DUTIES: FEES AND MARKETING

Initial Fee.

- IV.1 In consideration of the grant of the franchise and the initial training program, you will pay us an initial franchise and services fee upon the signing of this Agreement of \$37,500. If we grant to you a second or subsequent franchise, you will pay us a discounted initial franchise fee of \$30,500 upon signing this Agreement for each additional franchise. The initial fee is fully earned upon payment and is non-refundable.
- IV.2 You shall also purchase from us, or suppliers we designate, the initial inventory for the Business in accordance with the Manual. Payment for the initial inventory must be made to us before we release the opening order to you.

Royalties.

- IV.1 You must report to us your monthly Gross Revenue pursuant to Section 4.13. You will pay to us, for the continuing use of the System, a monthly non-refundable royalty fee for the preceding month equal to the greater of:
 - a. 10% of your Gross Revenue for such month, beginning the month you accept payment for services; or

- b. \$1,000 per month from the 13th month of operation to the 24th month of operation; \$1,250 per month from the 25th month of operation and each month thereafter.

Advertising Fee.

- IV.1 You will pay us an Advertising Fee contribution equal to 3% of your monthly Gross Revenue at the same time and in the same manner as the royalty fee. We may raise the Advertising Fee to 4%, discontinue or reduce Advertising Fees and expenditures, or may add, delete, or change marketing programs during the term of this Agreement. We will place the Advertising Fee in a separate bank account. We may use the Advertising Fee for: the creation of materials and strategies; administration of advertising or marketing (including salaries, outside creative services, media and agency costs and other direct and indirect costs); or any other use that we believe may benefit the Marks or our franchisees. Advertising expenditures may or may not be proportionate to contributions or provide any direct benefit to any franchisee. We have the discretion how to spend the Advertising Fee and have no fiduciary duty with regard to the Advertising Fee. Our advertising and marketing expenditures will be limited to the amount of the contributions of Advertising Fees made by you and other franchisees. If you fail to pay required Advertising Fee payments, we may delete you from marketing programs without notice, in addition to our other remedies.
- IV.2 We may accumulate such funds, and the balance in the marketing account may be carried over to subsequent years and used for the purposes described in this Agreement. We will provide a report to any franchise advisory council that we formed with an annual unaudited summary of Advertising Fee receipts and expenditures within 120 days after the end of each of our fiscal years. We reserve the right to terminate the Advertising Fee.

Multi-Area Marketing and Regional Marketing Cooperatives.

- IV.1 We may also require you to join, participate in, and pay into, Multi-Area Marketing Programs, regional marketing cooperatives, or to spend an equivalent amount of money on your own local marketing. The cost of such programs combined will not exceed \$6,000 per fiscal quarter. You will participate, at your expense, in Multi-Area Marketing Programs as determined by us.
- IV.2 Regional franchisee cooperatives may be established and administered by a majority vote of the franchisees in that region and must be approved by us at our discretion. The purpose of the franchisee cooperative will be solely to develop and implement cooperative marketing and special promotions within the region. The amount of contribution and type of

marketing or promotions approved will be set by majority vote of the members of the cooperative, but we will not approve a contribution of more than \$6,000 per fiscal quarter (unless a greater amount is approved by the cooperative). This payment will be part of the minimum requirement of spending on local advertising required under Section 4.9. We must approve the formation of the cooperative, amount of contribution, franchisees that must join, regions covered, governing documents, and all marketing and promotions. No decisions will be made, or advertising funds spent without our prior written approval. The cooperative must prepare annual unaudited financial statements, which must be delivered to us and other franchisees in the cooperative within 120 days after our fiscal year end. We may form, change, dissolve, or merge any cooperative.

Other Advertising by Franchisee.

- IV.1 You shall arrange and pay for the placement of a listing of the franchised business in any online telephone directories applicable to the area in which your franchised business is located.
- IV.2 In addition to the Advertising Fee contribution discussed above, you will spend a minimum of \$6,000 per fiscal quarter on local advertising and promotion in such media and such times as we approve (this is in addition to the cost of advertising in the relevant phone directories, including the "Yellow Pages" or similar directory). You will receive credit against the \$6,000 per fiscal quarter for amounts spent on Multi-Area Marketing Programs and regional marketing cooperatives. In addition, you will spend the amount determined by us on an initial marketing campaign promotion within three months after opening. All such expenditures will be reported to us at such times and in such manner as we specify, including by electronic means.
- IV.3 All advertising, marketing, and promotion by you must be approved by us in advance in writing, as to media, form, and content, and we generally will not approve independent internet sites, including your own website or other social media presence.

Records and Reports.

- IV.1 You will keep, transmit to us, and give us access to, accurate records and reports relating to the Franchised Business inputted by you into the MIS weekly in the form, time, and manner that we prescribe (including both paper copy and electronic records). You will prepare such records and reports, including financial records on each transaction, in accordance with our specifications. All books and records in respect of the business shall be kept by you at the Center, and you shall not destroy any records without our written consent. All files and information relating to current or past students shall be our property and you shall provide us with twenty-four hour

a day access to your books and records by way of modem, Internet or other form of electronic communication required by us. We reserve the right to monitor and record all incoming calls to your Center for training and quality assurance purposes.

- IV.2 You must use, by updating weekly, and license from us or our affiliates, our approved, management information system ("MIS"), or any other systems or programs we may require. You shall pay us, in the same manner and at the same time as the royalty fee, the then-current MIS usage fee, which is currently \$235 per month. This fee may be increased by us at any time upon 30 days' written notice to you.
- IV.3 You will provide us with all hard copies, and access to electronic reports, that we prescribe. On or before the tenth of each month, or more often if we specify, you will deliver an itemized report of your Gross Revenue and your advertising expenses for the prior month on a form we prescribe, which will include payment for that month's royalty fees and Advertising Fees due; and your certification and records of Gross Revenue for the month reported.
- IV.4 You must prepare all financial reports in accordance with U.S. generally accepted accounting principles, consistently applied, and in a form approved by us. You must periodically deliver to us accounting, tax, and other information (or copies of documents), as we request, including a monthly financial statement with profit and loss and balance sheet. These reports must be in such form and delivered in such manner and time as we reasonably require. You must use our designated bookkeeping and financial software vendor unless we approve another vendor in advance in writing. You will provide us with a copy of your annual financial statements including a profit and loss statement and a balance sheet. Such statements will be compiled by an independent Certified Public Accountant, and contain complete notes and disclosures, and be delivered to us within 90 days after your fiscal year end. You acknowledge that we may disclose publicly the results of operations of our franchisees and certain former franchisees (without identifying specific franchisees), and you hereby give us permission to do so. Your fiscal year end shall be December 31 of each year.
- IV.5 You must keep accurate records relating to the Business for a period of 6 years after the termination or expiration of this Agreement.

Audits.

- IV.1 We or our agents may examine all of your operations, books, and records of your business during regular business hours and without any prior notice to you. In carrying out any examination, we shall have the right to make copies of all documents being examined, including the right to temporarily remove documents from the Center to make such copies. In the event that

any such examination should disclose an understatement of Gross Revenue for any period, you shall pay within five days after receipt of the audit report, such further amount owed based on the revised Gross Revenue figure, together with interest as set out in this Agreement. Any such examination shall be at our expense unless (i) the exam is necessitated by your failure to fully report or keep records pursuant to this Agreement or the Manual, or (ii) the exam discloses that you have understated your Gross Revenue by an amount in excess of three percent (3%); or (iii) the exam discloses that more than 5 students are not registered in the MIS; or (iv) you have failed to pay your required royalty fee. In such event, you shall pay the expense of the examination upon demand including, without limitation, the fees and disbursements of any independent accountant or accounting firm, its employees or representatives. We are also entitled to other remedies provided in this Agreement or by law.

- IV.2 If you do not deliver any statement of Gross Revenue as required, we or our auditor shall have the right to reasonably estimate the Gross Revenue of the period in question and you shall immediately pay to us all fees due, based upon the amount so estimated, together with interest as set out in this Agreement. Any estimation by us or any report of our auditor given pursuant to this Agreement shall be final and binding on all parties hereto.
- IV.3 You hereby authorize us to make such inquiries of your bankers, suppliers, and trade creditors as we may require in order to obtain information and copies of documents concerning the Business and you hereby direct such persons and companies to provide to us such information and copies of documents pertaining to the Business as we may request. You agree to execute and deliver such directions, authorizations, or other documents as we may require in order to permit the appropriate persons to disclose or release such information and documents to us.
- IV.4 You hereby authorize us to disclose to any third party as we may deem appropriate, acting reasonably, any information and copies of documents concerning the Business obtained by us from you in fulfillment of the provisions of this Section. You agree to execute and deliver such directions, authorizations, or other documents as we may require in order to permit us to disclose or release such information and documents to any such third party.

Other Fees.

- IV.1 You must pay other fees as provided by this Agreement.

Method of Payment.

- IV.1 You must make all payments to us by noon EST on the tenth day of each month (or if the tenth day falls on a weekend or federal holiday, on the next

business day by noon EST), or more often if we specify, and by any method we specify, including check, cash, certified check, money order, automatic pre-authorized payment plan, electronic funds transfer, or the Internet. All payments to us and dollar amounts stated in this Agreement are in United States dollars unless otherwise expressed. We will not require you to deposit all your revenue into an account that we control, or from which withdrawals may be made only with our consent, except to secure a loan or financing arrangement by us. You shall execute all documents required by us in order that automatic payments or withdrawals may be made by us. You authorize us to have access to such account balances from which automatic payments or withdrawals are made.

Late Charges and Other Fees.

- IV.1 Each late report or payment by you is subject to a late charge of \$150 to \$300 depending on its lateness, or if less, the maximum late charge allowed by applicable law. Payments and any associated reports received: (i) after noon EST on the day they are due will incur a late charge of \$150; (ii) after 5:00 PM EST on the day they are due will incur a late fee of \$200; and (iii) after 8:00 AM EST on the day after they are due will incur a late fee of \$300. Any other reports received after 5:00 PM EST on the day they are due will incur a late fee of \$200. In addition to late payment charges, you must pay interest at the rate of up to but not exceeding 18% per annum on the amount due, or the maximum interest rate allowed by applicable law, whichever is less. You must pay any damages, expenses through appeal, collection costs, and reasonable attorneys' fees we incur in connection with your failure to make any required payments. The acceptance of any interest payment shall not be construed as a waiver by us of our rights in respect of the default giving rise to such payment and shall be without prejudice to our right to terminate this Agreement in respect of such default. Nonpayment because of payments that are returned to us for insufficient funds are a material default.
- IV.2 All Franchisee Meeting. You are required to attend each All Franchisee Meeting ("AFM") and pay \$400 per location per year for the AFM meeting. If the meeting is held every 18 months rather than on a yearly basis, we reserve the right to prorate the fee (for example, if held every 18 months, the fee will be \$600 per location).

Security Interest.

- IV.1 As security for payment and satisfaction of all of your obligations under this Agreement, you hereby grant to us a continuing security interest in all of the Assets of the business, wherever located, whether now owned, existing, acquired or arising after this date, together with all replacements, accessions, parts, proceeds, including insurance proceeds, bank accounts, and proceeds of proceeds. Upon default by you in payment of all or any

part of your indebtedness or liability to us, or in the performance or observance of any of the provisions of this Agreement, we will have the rights and remedies of a secured party under the Uniform Commercial Code, or any equivalent state legislation. We may make any government filing to perfect this security interest at any time, and you will cooperate and sign any necessary documents to facilitate such perfection and enforcement. We will agree to subordinate our security interest to any security interest of a lender that provides you purchase money financing to acquire the Assets required to start the business, if the secured party agrees with us in writing that in the event of any default, we have the right at our option to be substituted as obligor to the secured party and to cure any default. If you are in default, all debts then due and owing by you to us under this or any other present or future agreement with us will, if we so elect, become immediately due and payable. If you are not in default, you may dispose of inventory and accounts receivable in the ordinary course of business.

Taxes.

- IV.1 You are responsible for payment of your taxes and governmental fees. You will pay us the full amount of the initial franchise and services fee, royalty fee, Advertising Fee, and all other payments regardless of any tax or government fee, including withholding, sales, use, goods and services, VAT, income, or gross revenue taxes. Each payment by you to us shall therefore be increased by the amount, if any, of any state or local (but not our income tax due to any jurisdiction) tax that you or we are required to pay on amounts paid by you to us. If such taxes are not able to be calculated until after your payment to us, we may bill you for such taxes assessed on account of payments made to us, and you must pay such bill within 30 days of receipt. However, if we later receive a reduction of our taxes on account of such tax paid by us and reimbursed to us by you, we will pay you within 30 days the amount of such reduction.

ARTICLE V FRANCHISEE'S DUTIES: RELATIONSHIP OF PARTIES

Independent Relationship.

- V.1 You are an independent contractor. We are not agents, partners, joint venturers, beneficiaries, or fiduciaries of one another. Neither party will be bound or obligated by the other, except as set forth in this Agreement. You will not permit the general public to confuse you with us. You are not our agent, and we are not yours, and you may not enter into contracts or obligations that bind us.
- V.2 You will prominently state and show to the public and to employees your legal entity name, and that you are "independently owned and operated", in

a manner that we approve. For example, in all forms used with vendors, customers and employees (including paychecks), you must use your full legal entity name, and may not use any of our Marks unless approved in writing. Use of our Marks will not be permitted on employee forms. You are solely responsible for your own operations and employees, including hiring, firing, discipline, and other employment practices. You will notify your employees in writing that you are their employer, and that we are not their employer or a joint employer.

Compliance with Laws / Licenses and Permits.

- V.1 You must secure and maintain at your expense all required licenses, permits and certificates relating to your Center's operation and operate your Center in full compliance with all applicable laws, ordinances, and regulations. You are solely responsible for compliance with all laws relating to your business, including labor and employment laws. You agree to comply and assist us in our compliance efforts, as applicable, with any and all laws, regulations, Executive Orders or otherwise relating to anti-terrorist activities, including, without limitation, the U.S. Patriot Act, Executive Order 13224, and related U.S. Treasury or other regulations. You confirm that you are not listed in the Annex to Executive Order 13224 and agree not to hire any person so listed or have any dealing with a person so listed (the Annex is currently available at <http://www.treasury.gov>).

Taxes and Debts.

- V.1 You are solely responsible for all taxes, including payroll taxes, arising out of your business. You will promptly pay when due all taxes, fees, debts, expenses, and assessments, including payroll taxes. You will not permit a tax sale, seizure, levy, execution, bankruptcy, assignment of Assets for or by creditors, or similar action to occur.

Insurance and Claims.

- V.1 You must keep in force insurance policies as prescribed by us in the Manual by an insurance company acceptable to us at all times during the term of this Agreement and any renewal terms. Insurance coverage must include general liability, combined single limit, bodily injury and property damage insurance for premises operations, and all other occurrences against claims of any person, employee, customer, agent or otherwise in an amount per occurrence of not less than such amount set forth in the Manual. We may change these insurance requirements, upon reasonable notice to you, to conform to reasonable business practices. Insurance policies must name us as us, and our officers and directors, as additional insureds against any liability which may accrue against them by reason of the ownership, maintenance or operation by you of the Business. The policies must also stipulate that we shall receive a ten (10) day prior written notice of

cancellation. Original or duplicate copies of all insurance policies, certificates of insurance or other proof of insurance acceptable to us shall be furnished to us together with proof of payment within thirty (30) days of issuance thereof. In the event you fail to obtain the required insurance and keep the same in full force and effect, you shall pay us upon demand the premium cost thereof, which we shall then forward to the insurance carrier. Notwithstanding the foregoing, your failure to obtain insurance constitutes a material breach of this Agreement entitling us to terminate this Agreement. You will also procure and pay for all other insurance required by state or federal law, including, without limitation, workers' compensation, and unemployment insurance.

- V.2 We make no representation or warranty that compliance with these insurance requirements will insure you against all insurable risks or losses. You must comply with any landlord or other third-party insurance requirement.
- V.3 Your compliance with insurance requirements will not relieve you of your liability under the indemnity provisions of this Agreement.

Warranties & Guarantees.

- V.1 You will fully comply with any customer guarantee program that we develop.
- V.2 You will not misrepresent or omit to state any warranty or guarantee.
- V.3 We are not liable for any guarantee or warranty you make on behalf of the franchisee, to a customer or other third party.
- V.4 Computer Systems are vital to us and to you and are vulnerable in varying degrees to problems such as viruses, worms, spy-ware, power and access disruptions, Internet content failures, hardware and software failures, and cyber security breaches, and attacks by hackers and other unauthorized intruders ("E-Problems"). We do not guarantee that information or communication systems that we or others supply will not be vulnerable to E-Problems. It is your responsibility to protect yourself from E-Problems. This may include taking reasonable steps to secure your Computer Systems and other systems (such as using and continually updating firewalls, access code protection, and anti-virus systems) to use backup systems, and to comply with privacy and data security laws. You must cooperate with our security systems.

Indemnification.

- V.1 You and each owner of the Business will indemnify and defend us, our affiliates, and OX LP, and each of our respective officers, directors, employees, affiliates, and agents; against all claims, demands, actions, losses, damages, costs, suits, judgments, debts, losses, assessments,

liens, legal fees, and disbursements, penalties, expenses, and liabilities of any kind; arising directly or indirectly out of or in connection with: (i) the Business; (ii) your actions or omissions and those of your officers, directors, employees, affiliates, and agents, and (iii) your breach of this Agreement. However, you are not required to indemnify us for claims resulting solely from our material breach of this Agreement or solely from our gross negligence or intentional misconduct.

ARTICLE VI FRANCHISEE'S DUTIES: OPERATION

Uniformity and Image.

- VI.1 Adherence to the System and proper use of the Marks are essential to maintaining a uniform image and standards of the Business and the System. Any breach of this Agreement or failure to conform to the System or Manuals could substantially adversely affect that value. You must conform to our standards and specifications, including those contained in the Manual and in the System. While you will manage your own operations and employees, you agree that you shall:
- a. Use your best efforts to develop, maintain and promote the Business, use and maintain the System, and maintain and promote the public image of the Marks.
 - b. Personally attend and complete such initial and ongoing training, as we shall deem necessary. You shall devote your full time and efforts to the Business. You shall not own, operate, or be employed by any other business, unless consented to in writing by us. Should you, with our written consent, devote less than full time to the Business, you shall then be required to hire at least two (2) full-time employees, or any greater number mandated by us, who shall be responsible for the operation of the Business. These designated managers shall be trained and certified by us at your expense, as described in this Agreement.
 - c. Establish and maintain your Center properly identified as GradePower Learning. The center shall be appropriately furnished and equipped and kept open and operating in accordance with the Manual and System.
 - d. Provide and maintain at your expense the telephone service recommended by us for the Business under the name GradePower Learning and utilize such telephone service only in a manner and for purposes which are consistent with furtherance of the Business.

- e. Provide and maintain signs approved by us identifying the Center as a GradePower Learning center and advertise the Business in conformity with our procedures and guidelines.
- f. Employ and maintain such trained, competent, and conscientious sales, teaching and office personnel as are necessary for the proper and successful operation of the Business, including the hiring of instructors with appropriate educational degrees and teaching credentials. You must also ensure that your employees keep a professional appearance and comply with brand standards we may prescribe in the Manual. You must use a Confidentiality and Non-Competition Agreement in a form substantially similar to Attachment 7 to this Agreement, that you have independently determined is enforceable in the relevant jurisdictions. Executed copies of such agreements for all employees shall be kept on file at your Center or shall be forwarded to us within five (5) days of request. All full-time employees must be trained appropriately for their position and must sign the Confidentiality and Non-Competition Agreement attached as Attachment 7 to this Agreement, as adapted to be compliant with the relevant jurisdiction. You also agree not to hire or use in the operation of the Business any person who is not qualified to work with children under any applicable law. You will perform any necessary background and educational checks using a vendor approved by us and as otherwise set forth in the Manual from time to time. You are responsible for ensuring that your employees are properly trained and certified to use our system.
- g. Recruit staff and solicit clients through the use of local advertising, at your sole expense, as described in this Agreement and in the Manuals. Local advertising may be obtained or purchased by you from us, or from your own sources, provided that we must first approve in writing all local advertising and related materials not purchased or obtained from us.
- h. Obtain, and maintain throughout the term of this Agreement and any extensions or renewals hereof, all licenses and permits which are necessary or appropriate to the operation of the Business. Such licenses and permits shall be obtained, where permissible and if required by us, in the joint names of you and us, and the license or permit shall be assigned to us or our designee, at our option and where permissible by law, upon termination or expiration of this Agreement.
- i. Utilize only such business forms, advertising, brochures, promotional material, and similar materials as may be purchased from or approved in advance by us as consistent with the System and which conform to our specifications.

- j. Maintain at all times such financial resources as we in our reasonable business judgment may deem necessary to fulfill your responsibilities to us. You shall pay in a timely manner all costs and expenses of your business. You shall pay all amounts due to us, on or before the tenth day of the month following the date of invoice unless otherwise agreed, and by the method or in the manner specified by us, including automatic electronic funds transfer.
 - k. Keep and maintain in a confidential manner, and as directed by us, without allowing any copies of same to be made, the Manual, periodic newsletters and memoranda, client lists and requirements, personnel records, mailing lists, financial information, computer software, the System, and other trade secrets or confidential information, all of which are, and shall remain, our sole and exclusive property.
 - l. Buy any proprietary material produced by us at such price as is established for all franchisees in the GradePower franchise system.
- VI.2 Center. If we change the décor package for the Center, you will be asked to promptly change the décor or trade dress of the Center or repair the Center if necessary. This might include painting the Center, replacing furniture or changing the outdoor signage. The costs for these changes will be your responsibility. Requests to change the center décor will not occur any more frequently than once every five (5) years.
- VI.3 Specifications. We normally set standards or specifications for leases, real estate, fixtures, furniture, equipment, inventory, the System, Multi-Area Marketing Programs, and other goods and services (including Computer Systems) at our discretion, including our subjective determinations relating to quality, value, and appearance. You must comply with these. You must purchase all such goods and services from us or approved or designated sources. You must participate in and cooperate with promotional programs and follow our and our supplier guidelines. Your supply sources must conform to our requirements. You will repair or replace equipment with equipment to meet our specifications. You acknowledge that we may realize a profit or receive rebates, discounts, or other allowances in connection with the sale of such authorized equipment, products, accessories, and supplies which we shall be entitled to retain for our own credit without account to you.
- VI.4 Operations. You will operate the Business in accordance with the System and Manual, as amended by us at our discretion, including standards for quality, appearance, teaching, Lesson Planner Reviews, and customer service standards.

- VI.5 Pricing. We may recommend the prices you charge to your customers, set your maximum and minimum prices to customers, require promotional pricing, determine pricing strategy of Multi-Area Marketing Programs, and set you prices for certain products and services, each to the extent permitted by law.
- VI.6 Service. You and your employees are expected at all times to give prompt, courteous, friendly, and efficient service to all clients. You and your employees are expected in all dealings with all clients, suppliers, and the public to adhere to the highest standards of honesty, integrity, and ethical conduct as determined by us. You agree to maintain the System standards set by us as defined in the Manual by us.
- VI.7 Right of Entry and Inspection. We or our authorized agent or representative may enter the Center during normal business hours with notice to you, and if reasonable under the circumstances without notice to you, to inspect and to determine compliance with the System and with the Manual. Without any liability to you, we may confiscate any materials which we, in our reasonable judgment, determine to be either illegal or in violation of this Agreement.
- VI.8 Technology. You must acquire, continually maintain, and annually upgrade Computer Systems (including for accounting, inventory control, point of sales, and Internet and other network access) as we may prescribe. You must comply with any separate software or other license agreement that we or our designee uses in connection with providing these services.
- VI.9 Approved Brands. Because the reputation of the Marks and the System depends on a uniform high quality of products and services, you may sell only approved products and services, and you must sell all products and services that we authorize. You will be required to purchase from us or our designated supplier, at prevailing market rates: all testing materials, instructional materials, student progress books, business forms, checklists, report forms, books, manuals and other GradePower Learning products including all of our tutorial, remedial and enrichment instruction programs, all preparation courses and materials, and all other products and services related to those programs and courses.
- VI.10 Personal Participation. Your personal supervision, participation, and example is essential to the success of the Business. You (or your designated manager who has been awarded training and assessment certification) must participate personally and full-time in the Business. Each person or entity that directly or indirectly owns any of the equity or voting control of the Business, and any spouse or legal domestic partner of any owner, must sign this franchise agreement or a personal guaranty. Any newly designated owner must obtain our approval in writing, sign an individual guarantee of this Agreement, and have any spouse or legal

domestic partner do so, and satisfactorily complete the training program at your expense.

Other Operating Standards.

- VI.1 You will, during the term of this Agreement, engage only in the business covered by this Agreement and no other, except with our written consent.
- VI.2 You will not allow the Business or Center to be used for any immoral, unethical, unauthorized, or illegal purpose.
- VI.3 You will conform to all standards and procedures we establish to insure uniformity and consistency of operation.
- VI.4 You must diligently commence, market, and operate the Business. You must use reasonable efforts to grow and maintain the revenues of the business and customer goodwill.
- VI.5 If you do not provide customers with satisfactory service, or if you violate operating standards or this Agreement, we may, in addition to our other remedies, complete the customer service, refund customer amounts, and bill you for our costs, or bill the customer for our services.
- VI.6 You shall not cause or permit any toxic or hazardous waste, substances, or materials, as defined under applicable government laws and regulations ("Hazardous Materials") to be used, generated, stored, or disposed of near, on, under, about or transported to or from the Center or any of your vehicles ("Hazardous Materials Activities") except as necessary for your operation of the Business and in accordance with the Manual. You shall conduct such permissible Hazardous Materials Activities in strict compliance (at your expense) with all applicable federal, state, and local laws, rules, and regulations now or hereafter in effect and using all necessary and appropriate precautions. We will not be liable for any of your Hazardous Materials Activities, and your indemnity of us in this Agreement includes for claims due to your Hazardous Materials Activities. You must provide us with a copy of all Hazardous Materials inventory statements and updates filed by any governmental agency or regulation and must immediately notify us both by telephone and in writing of any spill or unauthorized discharge of Hazardous Materials or of any conditions constituting an imminent hazard.
- VI.7 You are solely responsible for monitoring and enforcing the System standards within your business, including all communications with your employees and agents. If we provide you with forms or practices, you are solely responsible for ensuring that your forms and practices comply with local laws or other laws applicable to your business. Any changes made by you to the System must be pre-approved by us in writing and will generally only be approved to the extent necessary to comply with applicable law.

Other Agreements.

- VI.1 You will enter into the following agreements and addenda, which are attached to this Agreement:

Attachment 1 – Designated Territory

Attachment 2 – Individual Guaranty

Attachment 3 – Assignments and Renewal/Addendum

Attachment 4 – Lease Addendum

Attachment 5 – Assignment of Telephone Numbers, Domains, and Email

Attachment 6 – Electronic Funds Transfer Authorization

Attachment 7 – Confidentiality and Non-Competition Agreement

You will comply fully with all such agreements. We are an intended beneficiary of any lease, supply, and confidentiality and non-competition agreements related to the Business. Any material breach in the terms of these agreements referenced in this Section 6.18, and in any other agreements between you and us, and our respective agents, employees and affiliates is a breach of this Agreement by you.

- VI.2 You must answer all customer complaints within forty-eight (48) hours of receipt. You must forward a copy of the customer complaint and your answer to us. You must contact us immediately, but in any event within twenty-four (24) hours if a customer complaint or other issue has resulted in an inquiry or report by the media or government, and you will work with us to prepare a response. You must participate and cooperate with any customer comment or secret shopper feedback program that we implement in the future. Such programs might include providing customers with comment cards or surveys at your expense, including costs of related Computer Systems. Such programs might involve third party mystery shoppers or investigators who will purchase from you anonymously and provide us feedback.

ARTICLE VII

RENEWAL, TERMINATION, TRANSFER AND RELATED INFORMATION

Term of the Franchise Agreement.

- VII.1 The initial term of this Agreement is for ten (10) years from the date of this Agreement, unless terminated earlier under the provisions of this Agreement.

Renewal or Extension.

- VII.1 If you are not in default under this Agreement, you may request renewal for one (1) additional term of ten (10) years. You must submit the renewal request to us in writing at least thirteen (13) months, but not more than eighteen (18) months, before the end of the initial term.

- VII.2 The fee for the renewal will be \$9,000, payable at least six months before the end of the initial term, and there will otherwise be no initial franchise fee. You must execute our then-current form of successor franchise agreement, which may vary in material respects from this Agreement (including a redefinition of the Territory, in our discretion). Except for renewal rights, the terms of the renewal agreement will be no less favorable than those in our then-current form or those offered by us to other comparable, renewing franchisees. You must also sign the renewal addendum attached to this Agreement. We may at our option waive these requirements and may instead allow you to renew by assuming the original franchise agreement, in which case the parties will sign our form of an assumption and mutual release agreement, which will extend the term for one (1) 10-year term.
- VII.3 You must continually maintain the Center, building, signs, and equipment. You must every five (5) years, and three (3) months before the time of each renewal, modernize, upgrade, refurbish or remodel the Center, building, signs, and equipment. You must comply with the then-current image and operational standards. At your request, we will review all aspects of your business and give notice of all required modifications and renovations necessary to comply with the then-current image and operational standards. If you elect to renew this agreement, you will complete, at your own expense and to our satisfaction, all required modifications, renovations, alterations, refurbishment, remodeling, and redecoration as well as implement any new methods, programs, modifications, and techniques as we require no later than three months prior to the expiration of the initial term of this Agreement. You may not renew without possession of the Center or of substitute Center approved by us.
- VII.4 Your right to renew is contingent on satisfactory performance of this Agreement and of any other agreement between us. We may refuse to renew without any cause if: (i) the franchise is terminable by law or under this Agreement; (ii) you fail to give timely written notice of your exercise of your renewal option or fail to pay the renewal fee; (iii) you fail to satisfy our then-current standards for new franchisees; (iv) you are in default under this Agreement; or (v) you have received three (3) default notices in a twenty-four (24) month period. We may refuse to renew without any cause if we permit you to continue to operate under a different trade name in the same trade area or otherwise to realize the value of the business. If we decide not to renew you at the end of the initial term for any cause authorized in this Agreement, and if you requested renewal in compliance with this Agreement, we will give you written notice of our intent not to renew at least one hundred eighty (180) days before the end of the initial term. If at the time of the renewal, we are not offering franchises in the United States, or not able by law to offer a then-current renewal franchise agreement to you, then this Agreement will be extended for a period of one (1) year. If at the end of the one (1) year extension, we still have not offered franchises in the United States or are still not able by law to offer a then-current renewal

franchise agreement to you; this Agreement will expire, unless further extended by mutual consent.

Termination.

i) Franchisee.

VII.1 You may not terminate this Agreement before its expiration, or the expiration of any renewal term. If you violate post-termination covenants or assign ownership or assets other than in compliance with this Agreement, we will be entitled to our royalties and other amounts due for the remainder of the term of this Agreement and to all other applicable remedies.

ii) Franchisor.

VII.2 With Opportunity to Cure, No Refund. We may terminate this Agreement on 30 days' written notice to you for your breach of this Agreement, or of other agreements between you and us or our affiliates, or of your lease; if you fail to cure the breach within the thirty (30) day notice period. We also may terminate this Agreement on thirty (30) days' written notice to you for other good cause, if you fail to cure the cause within thirty (30) day notice period. Good cause includes your failure to: (a) conduct the Business in an ethical or businesslike manner; or (b) complete required ongoing training, repairs, or renovations; (c) comply with the System or Manuals; or (d) obtain our approval of any new or amended lease or related documentation for your Center.

VII.3 Without Opportunity to Cure, No Refund. We may terminate this Agreement without notice to you if you: (a) misrepresented or omitted material facts that induced us to enter into this Agreement; (b) abandon initial training or cease attempts to promptly open for business; (c) become insolvent or fail to pay debts as they become due; (d) after fourteen (14) days' notice of a threatened or pending proceeding, become bankrupt, make an assignment for the benefit of creditors, allow appointment of a receiver or similar custodian, or make a disposition of the Assets out of the ordinary course of business; (e) voluntarily abandon or cease operation of the Business, or fail to remain open for any three (3) business day period without our prior written consent, except for instances where unforeseen circumstances out of your control make it impossible for you to operate the Business for a period of up to ten (10) days; (f) lose the right to occupy the Center for any reason; (g) move the location of your Center without our prior written consent; (h) are found liable for, or are convicted of, or plead guilty or no contest to a criminal charge of, violating a law material to the Business; (i) make an unauthorized Transfer or make unauthorized use of the Marks or unauthorized disclosure of the System; (j) endanger public health or safety; (k) materially breach this Agreement three (3) or more times for which you have received default notices (whether or not the defaults were

cured) within a twelve (12) month period; (l) do not renew in accordance with this Agreement and the Agreement expires; or (m) engage in conduct which threatens to harm the goodwill of the Marks, the System, or both.

- VII.4 Our Right of Entry Pre-Termination. If we may terminate this Agreement as provided elsewhere in this Agreement (because you have not cured a curable default or because no opportunity to cure is required), we may also or instead operate the Business on your behalf, for up to ninety (90) days. All revenues received by us from the operation of the Business will be kept in a separate account, and our expenses and reasonable compensation shall be charged to such account. If we do so after termination or expiration, we may buy or sell the business and provide you with any net proceeds, within six months after the effective date of termination, in addition to our post-termination option to purchase described in this Agreement.

Effect of Termination.

- VII.1 Upon any termination or expiration of this Agreement, you will immediately:

- a. Cease operating the Business or doing any business competitive with or similar to the Business, in accordance with the terms of the covenant not to compete in this Agreement. Deliver to us possession of all assessment materials, student, financial and academic files, student and parent records, materials related to student payment plans, academic and administrative records of the Business, student attendance and grading transcripts and records, student applications and all other related records, materials, data, and information. We have the right, but not the obligation, to arrange or provide for the completion of any unfinished programs or classes for all students enrolled with the Business. We may, but shall not have the obligation, to extend the term for as many days as we deem appropriate in order to enable you to “teach out” any unfinished programs, and during any such extension, you shall be subject to this Agreement.
- b. If you remain in possession of the Center, immediately make such alterations and removals or changes in signs and colors to distinguish effectively the Center from its former appearance and our current image. If you fail to make such changes immediately, then we may enter the Center and make such changes at your expense.
- c. If we are the lender under any loan agreement or the holder of any promissory note or the holder of any security interest, such loan, note or security interest shall, upon the effective date of termination or expiration, immediately become fully due and payable.

- d. Assign to us all of your right, title, and interest in, to and under any agreements or undertakings entered into as a result of this Agreement as we may, in our discretion, designate, including your lease. You agree to deliver or do and cause to be delivered or done all such deeds, instruments, assurances, acts, things as we or our nominee may reasonably require to carry out the full intent of this section and to evidence such assignment.
- e. Return to us all copies of the Manual, and all items containing any Marks, and all copyrighted and proprietary items;
- f. Authorize telephone, Internet, email, electronic network, directory, and listing entities to transfer all numbers, addresses, domain names, locators, directories and listings to us or our designee;
- g. Cease doing business under any of the Marks, cancel any assumed name registrations that include any of the Marks, assign all phone numbers, directory listings, domain names, and Internet listings or marketing programs that contain or use the Marks to us, and refrain from identifying yourself as our franchisee or former franchisee;
- h. Allow our representatives and us access to the Business and your Computer Systems to verify and secure your compliance with your post-termination obligations, including changing or removing all Marks;
- i. Allow us to make a final inspection and audit of your Computer System, books, records, and accounts;
- j. Abide by the covenants not to compete, confidentiality, dispute resolution, indemnity, and all other covenants that expressly or by their nature survive this Agreement.
- k. Pay us all amounts that you owe us, that you owe the landlord of the Center, and that you owe your and our trade and other creditors within five days of the effective date of termination or expiration. Pay us royalties and other ongoing fees, as though you are still an active franchisee, for the longer of: (i) so long as you continue to use the Marks or System; or (ii) so long as you or your successor or assignee remain in a competitive business, unless we have approved the assignment in accordance with this Agreement; or (iii) future royalties for the remaining term of this Agreement, but no longer than two years, in the event that termination was due to a material breach by you. Our damages from your breach of this Agreement are difficult to determine, and you acknowledge that the foregoing damages in this subsection are a reasonable estimate of those damages. We also are entitled to all other applicable remedies and

damages from your breach, including our reasonable attorneys' fees and costs of enforcement, and any under trademark, copyright, and trade secret laws.

- I. Facilitate our exercise of rights to a separate option to assume the lease for the Center, if any.

VII.2 Our Purchase Option.

Upon termination or expiration of this Agreement for any reason, we have an option to buy all of the Hard Assets of your Business. We may exercise this option by giving you written notice before or on the effective date of any expiration or termination. The option price shall be the net depreciated book value (calculated 5-year depreciation schedule, irrespective of the depreciation method or schedule you use for accounting purposes), less any amounts owed to us, and less any secured indebtedness and taxes owed by you to any third parties, determined as follows. Within twenty (20) days after receipt of our notice, you will deliver to us: (i) complete financial statements prepared in accordance with generally accepted accounting principles compiled by an independent certified public accountant, current to within thirty (30) days of expiration or termination, signed by the accountant and by you; (ii) a list of all Assets and their cost and date of acquisition; and, (iii) a list of all payables, claims, liabilities, taxes, and contracts and lease obligations, with the name, address, and phone number of the creditor, lessor, or claimant, and a copy of any liens and security interests. We will determine fair market value within twenty (20) days after receipt of your information, or thirty (30) days after the effective date of termination or expiration, whichever is later. Fair market value for purposes of this option excludes any amount for any intangibles, including goodwill associated with the Marks. We generally will not assume, and therefore may exclude from our purchase, unsecured liabilities, and payables. We may also exclude any items not complying with the then-current Manual, and items not usable in the Business.

If the parties are unable to agree upon the fair market value within the thirty (30) day period, an independent appraiser the parties choose will determine it, using the rules set forth in the preceding paragraph. If the parties are unable to agree on a single appraiser within an additional ten (10) days, the parties will each choose an appraiser and the two appraisers will choose a third. Each appraiser will submit an appraisal of the tangible Assets within thirty (30) days of the appointment of the last appraiser. The highest and lowest of the three (3) appraisals will be disregarded and the third and middle appraisal will be the option price. The parties will share equally the cost of the third appraiser but will each separately bear the cost of their respectively selected appraiser.

You will then sign our form of purchase and sale agreement containing customary and reasonable terms, including mutual releases, and will use best efforts to obtain the lessor's consent to assignment of the lease to us. If we decide to exercise our option to purchase, the closing of the purchase will occur within 30 days of the determination of fair market value. We will pay the purchase price in one lump sum at closing, and you will deliver possession simultaneously with payment. We may offset the purchase price for the Assets against amounts due from you under this Agreement. If lessor and secured parties' consent and waive claims, we will then pay the fair market value to you in full, and you will deliver possession of the Business and Assets, on the closing day reasonably set in a purchase and sale agreement signed by both parties.

We may take possession after termination or expiration, and prior to closing of any purchase, if reasonably necessary to provide continuous customer service or to avoid a material violation of customer contracts, the lease, or further material violations of this Agreement. During such period of post-termination or post-expiration possession, and prior to any such closing, we will not be deemed to have assumed any liability, lease, or contract of the business. If we do not elect to purchase the business, our possession will be for your account, and the provisions of Section 7.10 shall apply.

Assignment or Transfer.

- VII.1 You may not make a Transfer or make any lease or sublease of any property you are leasing in connection with the Business, without our prior written consent, which will not be unreasonably withheld or delayed, provided all prerequisites to Transfer are met. Any attempted Transfer of any interest in the Business without our prior written consent will be a default under the terms of this Agreement and will be voidable by us. You must give us notice of your intent to make a Transfer at least sixty (60) days prior to the proposed effective date of the Transfer, accompanied by all of the information we require as described below. You may not offer or grant a sublicense or subfranchise.
- VII.2 Before or at the effective date of a Transfer, and as a prerequisite to our approval:
 - a. The transferee must assume all your obligations in connection with the Business, and must agree, at our option, to either assume this Agreement or to sign our then-current franchise agreement. Assuming that we opt to have the transferee sign a new agreement, the transferee must execute all of the documents we then require of new or renewing franchisees including a new franchise agreement and individual and spousal guarantees with terms that may vary materially from this Agreement, but that are the same generally as other new and renewing franchisees. Transferees must also sign the

transfer addendum attached to this Agreement. We may at our option instead require the transferee to assume the original franchise agreement, in which case the parties will sign our form of an assumption, consent, and mutual release agreement. It is our option to allow transferees to receive the full initial term contained in any such franchise agreement, or just your remaining term;

- b. You must prove that you have paid all of your debts;
- c. You must not be in default under this Agreement or any agreement with us or our affiliates;
- d. The transferee must agree to make all reasonable capital expenditures requested by us to renovate and modernize the Center, equipment, and Computer Systems, and successfully complete the initial training programs at our location then required of new franchisees, if any;
- e. The transfer fee is \$16,000, and is paid as follows: (i) \$9,000 by the seller, and (ii) \$7,000 by the buyer for training (the "Training Fee"). The buyer and seller are also responsible for any broker costs and all applicable taxes;
- f. You and the transferee must enter into a written agreement of purchase and sale for all of the assets used in the Business, in a form approved by us;
- g. The transferee must meet our subjective and objective standards, for granting or for renewing franchisees, including if then applicable those relating to relevant experience, education and licensing, background and reference checking, past record of compliance with laws, financial capacity, talent, skills, integrity, and other qualities of character;
- h. You and your owners must execute a general release in favor of us, to the extent permitted by law;
- i. You must obtain and submit to us satisfactory evidence of transfer or consent of lenders, lessors, and governmental authorities for all material permits, approvals, and licenses; and
- j. You must provide us with other information and documents that we reasonably request in our transfer procedures or checklist.

You agree that prospective purchasers: (a) may contact us and that we may discuss your Business and related matters with them; and (b) will receive from us the franchise disclosure document required by law, and we will discuss related matters with them. We may disclose to prospective

purchasers related information, including: (a) the financial results of the Business; (b) inspection and compliance reports, records, and results; (c) other records of the Business in our possession. You will remain responsible for pricing and marketing the Business; drafting, negotiating, and signing any documents relating to any sale; and for any disclosures, representations or warranties made to any purchaser. You will release us from any claims, including those relating to our communications with prospective purchasers.

VII.3 Entity Franchisees.

- a. Notwithstanding the preceding section, with our prior written consent, you may transfer your rights and obligations under this Agreement to a wholly owned entity; provided however that such entity must first agree in writing to be bound by this Agreement. All of your owners and any spouse or legal domestic partner of an owner must notify us first, and must agree in writing to personally guarantee the obligations of the entity under this Agreement, in a form substantially similar to Attachment 2 to this Agreement;
- b. Any entity franchisee shall maintain such stop transfer instructions against the transfer of interests subject to the restrictions of this Section and shall have all outstanding shares endorsed with the following legend printed conspicuously upon the face of each membership record or certificate:

“The transfer of this interest is subject to the terms and conditions of a Franchise Agreement with G.B. Tokani, Inc. Reference is made to the Franchise Agreement and to the restrictive provisions of the articles of this corporation.”
- c. Your formation and management documents shall provide that your purpose is confined exclusively to the operation of the Business as provided for in this Agreement, and recite that the issuance and transfer of any interests in the entity is restricted by the terms of this Agreement, and copies shall be furnished to us upon request;
- d. Upon the death of an owner of the entity, the respective personal representative may sell or assign the entire interest of such deceased owner to a third party subject to our approval and the same conditions as are required for any other Transfer;
- e. The entity shall have its own legal name and shall not use any of the Marks or any name similar to any of the Marks as part of its name;

- f. You shall advise us of the names and addresses of all existing and proposed managers, owners, directors, and officers, and of those persons and entities intended to be financially involved in the entity;
 - g. You shall pay our costs incurred in reviewing the potential transferee, and pay the Transfer fee set forth in this Agreement, unless we agree to a lower fee; and
 - h. You must provide us with other information and documents that we reasonably request in our transfer procedures or checklist.
- VII.4 Within seven days after receipt of a bona fide offer acceptable to you to Transfer all or part of the Business, you will notify us of the offer in writing, enclosing a signed copy of the offer. We will then have access to all your books and records in order to evaluate this offer, including your business financial statements and tax returns. We may then purchase the same assets or interest that is the subject of the offer to Transfer at the price and on the same terms and conditions as offered to you. We may substitute cash for any other form of consideration contained in the offer and, at our option, may pay the entire purchase price at closing. We may exercise this right to purchase, by notifying you in writing within thirty (30) days of receiving your notice. We and you will close the Transfer by the later of: thirty (30) days after our notice to you of exercise of this right, or the time for closing contained in the original offer, at our option.
- VII.5 If we do not exercise our right to purchase within the time set forth in the previous section, you may effectuate a Transfer, but not at a lower price or on more favorable terms than previously disclosed to us in writing. Such Transfer is subject to our prior written approval and other conditions specified in this Agreement. If you do not effectuate a Transfer to the transferee on the same terms offered to us, then you must again extend the right of first refusal to us in the manner described above, before another desired Transfer.
- VII.6 Upon and after any Transfer, you must comply with post-termination obligations of this Agreement. You must not grant a subfranchise.
- VII.7 We or any of our affiliates may sell or assign this Agreement in whole or in part, and our assignee may enforce this Agreement in whole or in part. We may sell or issue our stock, other ownership interests, or assets, whether privately or publicly.
- VII.8 If an individual franchisee, or an individual majority owner of an entity franchisee who actively manages the franchise, dies, or becomes incapacitated, and the Center has not been abandoned and the franchise previously terminated in accordance with this Agreement, the Business must be managed in accordance with this Agreement by the legal

representative of the individual. In addition, the legal representative must within ninety (90) days of the date of death or disability (unless extended by us in writing), either:

- a. Apply to us for the right of a specified heir with a legal right to a controlling interest in the Business to continue to operate the Business for the duration of the term of this Agreement. The right to continue will be granted upon the fulfillment of all the general Transfer conditions in this Agreement, except that no Transfer fee will be required of such an heir; or
- b. Give us notice of a proposed Transfer of the Business to a third party, in which case our consent to the Transfer will be granted only upon the fulfillment of all the general Transfer conditions in this Agreement.

VII.9 If we reject your application to continue to operate, one new ninety (90) day period within which you may only attempt to effectuate an approved Transfer begins from the date of rejection. If within that ninety (90) day period an approved Transfer is not effectuated, this Agreement will be subject to termination on the ninety-first (91st) day.

Covenants Not to Compete.

- VII.1 During the term of this Agreement, neither you, nor persons associated with you (including owners, managers, employees, immediate family members, and agents), will directly or indirectly do any of the following: (i) invest in, participate in, assist, consult with, work on, or serve in any capacity, a Competitive Business located anywhere, including on the Internet; or (ii) divert to a Competitive Business any customer who is or was a customer of the Business.
- VII.2 For two years after termination, expiration, or Transfer of this Agreement for any reason, neither you, nor persons associated with you (including owners, managers, employees, immediate family members, and agents), will directly or indirectly do any of the following:
 - a. invest in, participate in, assist, consult with, work on, or serve in any capacity, any Competitive Business located in any of the following markets: (1) within a twenty-five (25) mile radius from the boundary of the Territory; (2) within a ten (10) mile radius from any franchised, Franchisor-owned or Affiliate-owned GradePower Learning center; or (3) on the Internet or any other Multi-Area Marketing channels used by us; or
 - b. Divert, solicit, service, or sell to any customer who is or was a customer of the Business.

- VII.3 These covenants are given in part in consideration for training and access to our trade secrets, and which, if used in a competitive business without paying royalties and other payments, would give you an unfair advantage over us and our franchisees and affiliates. The unenforceability of all or part of these covenants in any jurisdiction will not affect the enforceability of these covenants in other jurisdictions, or the enforceability of the remainder of the covenants or of this Agreement. You agree that we may modify these covenants at any time in writing to reduce their scope or to improve their enforceability, and that you will be bound by the modified covenants.

Local Law Addendum.

- VII.1 If any provision of this Agreement is inconsistent with a valid applicable law, the provision will be deemed amended to conform to the minimum standards required. The parties may execute an Addendum setting forth certain of these amendments applicable in certain jurisdictions, which will apply only so long as, and to the extent that, then applicable laws referred to in the addendum remain validly in effect. Attached as an exhibit to this Agreement or to our disclosure document may be an SBA Addendum required by the U.S. Small Business Administration ("SBA") that may modify this Agreement, but only to the extent and for such time such requirements are valid, enforceable, and applicable. Any SBA Addendum only applies to those franchises in which there is SBA financing and for which it is signed.

ARTICLE VIII
DISPUTE RESOLUTION

Enforcement.

- VIII.1 You must pay all our damages, expenses, audit and investigation costs, collection costs, attorneys' fees, and interest on the unpaid balances as permitted by law, resulting from your default under this Agreement or from the indemnification provisions of this Agreement.
- VIII.2 In addition to the other relief we are entitled to seek; we are entitled to receive liquidated damages at the rate of \$500 per day for each day you continue to operate the Business using our Marks or System, after expiration, termination, or Transfer. You agree that we will suffer irreparable damages due to your continued operation or use, and that damages will be impractical to ascertain where the uniformity or the goodwill associated with our Marks is involved. The parties acknowledge that the liquidated damages amount is a good faith estimate by the parties of actual damages and is not a penalty.
- VIII.3 You will not, on the grounds of our alleged non-performance of any of our obligations under this Agreement, or due to any dispute with or claim against us, or for any other reason whatsoever, withhold payment of any

amounts due to us. You acknowledge that payments withheld by you may cause irreparable harm to us and to other franchisees by jeopardizing the maintenance of uniform System and by hindering our ability to meet our obligations to our other franchisees.

Internal Dispute Resolution, Mediation, and Arbitration.

- VIII.1 You must first bring any claim or dispute between you and us to our management team, after providing notice of such claim and make every effort to resolve the dispute internally. You must exhaust this internal dispute resolution procedure before you may bring your dispute before a third party. This agreement to first attempt resolution of disputes internally shall survive termination or expiration of this Agreement.
- VIII.2 Any dispute or claim relating to or arising out of this Agreement or out of any other agreement between us, and any other dispute between us, shall be resolved, to extent possible, through mediation by a mediator mutually and reasonably agreed on by both parties.
- VIII.3 Any part of the dispute or claim that is not resolved through mediation must be resolved exclusively by mandatory arbitration by and in accordance with the rules of the American Arbitration Association, or another arbitration service agreed to by us and you. Arbitration will be before a single qualified and experienced independent arbitrator mutually and reasonably agreed on by the parties. Arbitration will be conducted solely on an individual, not a class-wide, basis, unless all Parties subject to arbitration agree. No award in arbitration involving us will have any effect of preclusion or collateral estoppel in any other adjudication or arbitration.
- VIII.4 The arbitration provisions of this Agreement apply to claims by and against you and us and our respective Affiliates, owners, guarantors, managers, directors, officers, employees, and representatives (collectively referred to in this article as “Parties” or “Party” subject to arbitration). The arbitration provisions shall survive the termination, expiration, or Transfer of this Agreement.
- VIII.5 In specific consideration for our incurring expense to monitor use of the Marks and our quality standards at your location, the exclusive venue of any arbitration will be set London, Ontario, Canada, or other city of our principal headquarters. If this venue clause is deemed unenforceable by formal judgment of any court, the arbitration will occur at the site of the arbitration service that is closest to our headquarters, and that is permissible by the court.
- VIII.6 Any Party subject to arbitration discovering an arbitrable claim will have one year from the date of discovery of the facts giving rise to such claim in which

to commence arbitration or litigation on such claim. Otherwise, the claim will be forever barred.

VIII.7 THE PARTIES SUBJECT TO ARBITRATION WAIVE TRIAL BY JURY IN ANY LAWSUIT INITIATED BY EITHER OF THEM WITH RESPECT TO A CLAIM OR COUNTERCLAIM ARISING OUT OF OR RELATING TO THIS AGREEMENT.

VIII.8 Notwithstanding any choice of law provision of this Agreement, all issues relating to arbitrability or the enforcement of the agreement to arbitrate contained in this Agreement are governed by the U.S. Federal Arbitration Act (9 U.S.C. § 1 et seq.) and the U.S. federal common law of arbitration. Judgment on an arbitration award, or on any award for interim relief, may be entered in any court having jurisdiction, and will be binding.

Injunctive Relief and Summary Judgment Motions.

VIII.1 No party is prohibited from seeking interim or expedited remedies, such as a preliminary injunction or eviction, in either judicial or arbitration proceedings in any forum having jurisdiction (including use of arbitration rules providing emergency measures of protection).

VIII.2 No party is prohibited from seeking in an arbitration proceeding a full or partial summary judgment disposing finally of part or all of a claim or defense. The arbitrator is empowered to grant or deny such summary judgment motions under the same procedures and standards of proof as are then used under the Federal Rules of Civil Procedure. Such motions may be submitted to the arbitrator through written submissions and brief telephone conference oral presentations by counsel, without live witness testimony.

Venue and Jurisdiction.

VIII.1 In any lawsuit arising out of or related to this Agreement, or under any agreement between the parties, including for expedited relief or to enforce and arbitration award, the venue of such action may be set in London, Ontario, Canada, or the city of our then-current headquarters, and the parties waive any objection to such venue and agree that such courts have subject matter and personal jurisdiction to hear such matter.

Costs and Attorneys' Fees.

VIII.1 If any Party subject to arbitration should bring an arbitration or court action with respect to the subject matter of this Agreement, the prevailing Party or Parties, if any, shall be entitled to recover from the adverse Party or Parties all of the reasonable expenses of the prevailing Party, including attorneys' fees.

Governing Law.

VIII.1 Except to the extent governed by the United States Trademark Act, the United States Copyright Act, and the U.S. Federal Arbitration Act, this Agreement and any claim, controversy or dispute arising out of or related to this Agreement is governed by the laws of the state of Delaware. The Parties expressly disclaim the application of the United Nations Convention on the International Sale of Goods to this Agreement. This choice of laws will not affect the scope of any U.S. state statute (including any Delaware statute) that by its terms is inapplicable to this Agreement, and nothing in this Agreement will extend the scope of application of any statute.

ARTICLE IX GENERAL PROVISIONS

Construction.

- IX.1 All words used in this Agreement, regardless of their gender, include any other gender, as the context requires. Any use of the word “including”, “includes” or synonymous terms, followed by one or more examples, does not limit in any way the antecedent word or phrase. The words “we may” and “our approval” and other words giving us the right to take or not take actions or grant approvals, mean that we may do so in our sole discretion, unless otherwise specified.
- IX.2 Titles of articles and sections are used for convenience of reference only and are not to be construed as affecting the construction of the text.
- IX.3 Our rights and remedies are cumulative. No enforcement of a right or remedy precludes the enforcement of any other right or remedy.
- IX.4 The parties agree to sign and provide all further documents, information, and assurances, and to perform all further acts as may be reasonably required to carry out this Agreement. To effectuate the purposes of this provision, you hereby irrevocably appoint us as your attorney-in-fact. Upon termination, expiration, or Transfer of this Agreement, you specifically grant us power of attorney to: (a) cancel any assumed name or other registration that include any of the Marks; and (b) to assign to us all phone numbers, directory listings, domain names, and Internet listings or marketing programs that use the Marks. Upon request by a third party (such as our lender, investor, or purchaser), you will sign an estoppel certificate, or other document stating whether or not you have claims against us and describing any such claim.
- IX.5 The provisions of this Agreement, which by their terms or by reasonable implication require performance by you after termination, expiration, or Transfer of this Agreement, remain enforceable notwithstanding the termination, expiration, or Transfer of this Agreement, including those

pertaining to dispute resolution, non-competition, intellectual property protection, confidentiality, and indemnity. This Agreement inures to the benefit of and is binding on the respective heirs, legal representatives, successors, and permitted assigns of the parties.

- IX.6 Nothing in this Agreement shall be construed to require any party to violate established federal or state law applicable to the jurisdiction in which the party operates in connection with this Agreement.

Modification.

- IX.1 This Agreement may be modified only by written mutual consent of the parties. However, we may unilaterally modify the System and Manuals to meet competition, protect Marks, or for any other reason.

Notices.

- IX.1 All notices sent by one party to the other must be hand-delivered, sent by reputable overnight courier, or by registered or certified mail, return receipt requested or by facsimile or email or other electronic means with proof of receipt. Notices must be addressed to us at our office as above designated, or at any other address we designate in writing, and addressed to you at your last known business address, or at any alternative address in the United States that you designate in writing.
- IX.2 Any notice is considered received at the time that proof of receipt establishes.

Non-Waiver of Rights.

- IX.1 Our waiver of any particular right will not affect or impair our other rights; nor will any delay, forbearance, or omission by us to execute any rights affect or impair our rights as to any future exercise of those rights. We may treat franchisees individually and differently if we deem it reasonable to do so due to differing circumstances.

Severability.

- IX.1 If any part of this Agreement, for any reason, is declared invalid by an arbitrator or court, the declaration will not affect the validity of any remaining portion. The remaining portion will remain in force and effect as if this Agreement were executed with the invalid portion eliminated or curtailed.

Joint and Several Liability.

- IX.1 If Franchisee has more than one signatory, all are jointly and severally bound to this Agreement. All owners, and any spouse or legal domestic partner of an owner, of Franchisee must sign this Agreement.

Entire Agreement.

- IX.1 This Agreement constitutes the entire understanding of the parties and supersedes all prior negotiations, commitments, and representations. However, nothing in this Agreement or related agreements is intended to disclaim any representation that we may have made in writing in the latest franchise disclosure document that we delivered to you prior to signing the agreement.

Acknowledgements.

You hereby acknowledge the following:

- IX.1 You have conducted an independent investigation of the Business contemplated by this Agreement and understand and acknowledge that the Business contemplated by this Agreement involves business risks making the success of the venture largely dependent upon the business abilities and participation of you and your efforts as an independent business operator. We expressly disclaim the making of, and you acknowledge that you have not received or relied upon any warranty or guarantee, express or implied, as to the potential volume, profits or success of the business venture contemplated by this Agreement.
- IX.2 You have no knowledge of any representations by us or our officers, directors, members, shareholders, employees, agents, or servants, about the Business contemplated by this Agreement that are contrary to the terms of this Agreement, or the documents incorporated herein. You represent, as an inducement to our entry into this Agreement, that you have made no misrepresentations in obtaining this Agreement.
- IX.3 You acknowledge that our approval of the location of your Center does not constitute any assurance by us that the operation of the Business will be successful or profitable.
- IX.4 You acknowledge that we have provided you with a Franchise Disclosure Document not later than the earlier of the first personal meeting held to discuss the sale of the Franchise, fourteen (14) calendar days before the execution of this Agreement, or fourteen (14) calendar days before the payment of any consideration. You further acknowledge that you have read such Franchise Disclosure Document and understand its contents.
- IX.5 You acknowledge that we provided you with a copy of this agreement and all related documents, fully completed, for at least seven (7) calendar days prior to your execution.
- IX.6 You acknowledge that you had ample opportunity to consult with your own attorneys, accountants, and other advisors with respect to this Agreement or the franchise relationship.

- IX.7 You, together with your advisers, have sufficient knowledge and experience in financial and business matters to make an informed investment decision with respect to this Agreement and the Franchise relationship.
- IX.8 You are aware of the fact that other present or future franchisees may operate under different forms of Agreement(s), and consequently our obligations and rights with respect to our various franchisees may differ materially in certain circumstances.
- IX.9 You acknowledge that the covenants not to compete set forth in this Agreement are fair and reasonable, and will not impose any undue hardship on you, since you have other considerable skills, experience and education which afford you the opportunity to derive income from other endeavors.

[Signature page follows; remainder of page intentionally blank]

The parties have signed this Agreement effective as of the date written on page 1 of this Agreement.

FRANCHISOR:

By: _____

Title: _____

FRANCHISEE:

By: _____

Title: _____

By: _____

Title: _____

By: _____

Title: _____

NOTE: MUST BE SIGNED INDIVIDUALLY BY ALL OWNERS AND SPOUSES OR LEGAL DOMESTIC PARTNERS OF OWNERS OF FRANCHISEE. ALL OWNERS OF AN ENTITY FRANCHISEE ALSO AGREE TO SIGN Attachment 2, THE INDIVIDUAL GUARANTY.

Attachment 1

FRANCHISE AGREEMENT: DESIGNATED TERRITORY

Territory: (Insert description below or attach a map).

The Territory will be the area within the boundaries described below. It is within the described Territory that the Franchise may operate the Business and locate the Center. Where a street, road or highway is provided as a boundary to the Territory, the outer limit of any given border of the Territory shall be on the interior curb of said street, road, or highway. In this instance the Territory is in _____.

Center Address (or if not known, insert later):

Initials:

Franchisee: _____

Franchisor: _____

USE FOR ENTITY FRANCHISEES: ALL OWNERS, AND ANY SPOUSE OR LEGAL DOMESTIC PARTNER OF AN OWNER, OF THE ENTITY MUST SIGN THIS Attachment 2.

Attachment 2

FRANCHISE AGREEMENT: INDIVIDUAL GUARANTY

This Guaranty is to the franchise agreement between G.B. Tokani, Inc. ("Franchisor") and _____ ("Franchisee") dated _____, _____, and to any other agreement between Franchisor and Franchisee (collectively, the "Agreements").

RECITALS

Guarantors know Franchisee, and that Franchisee voluntarily executed the Agreements for the purposes expressed, and are familiar with all provisions of the Agreements, and have received Franchisor's franchise disclosure document with ample opportunity to review it before executing the Agreements; and

Guarantors consulted legal counsel of their own choosing as to their responsibilities and liabilities under this Guaranty.

AGREEMENT

In consideration of, and as an inducement to, the execution of the Agreements, each of the undersigned personally, irrevocably, and unconditionally, individually and for any marital community, agrees as follows:

(1) To guarantee the performance of Franchisee under the Agreements, including that Franchisee will punctually pay and perform all obligations under this Agreement upon default of Franchisee. The undersigned further agree to pay any judgment or award against Franchisee obtained by Franchisor. Guarantors are also bound by covenants of the Agreements that by their terms or by reasonable implication survive the termination, expiration or transfer of the Agreements, including non-competition, indemnity, and non-disclosure provisions.

(2) That:

- (a) Liability under this Guaranty is joint and several;
- (b) Each will render any payment or performance required under this Guaranty on demand, if Franchisee fails or refuses punctually to do so;
- (c) Each will comply individually with all provisions of the Agreements and associated documents;
- (d) Liability is not contingent or conditioned on Franchisor's pursuit of any remedies against Franchisee or any other persons;

- (e) Liability is not affected by any extension of time, acceptance of part performance, release of claims, or other compromise which Franchisor may grant;
- (f) The Guarantor agrees to pay the Franchisors' reasonable legal fees and costs if they are forced to sue to enforce this Guaranty; and
- (g) Each waives acceptance by Franchisor; and waives notice of demand to Franchisee or other parties except as may be required in the Agreements, waives protest by the other party, and waives notice of default to it.

Dated _____, _____.

(Set forth the name, address and percentage ownership of each Owner of the Franchisee, and their percentage ownership, if applicable, and list any spouse or legal domestic partner. Use additional pages if necessary.):

NAME	ADDRESS	Percentage Ownership
_____ (Printed)	_____ _____ _____	_____
_____ (Signed)		
_____ (Printed)	_____ _____ _____	_____
_____ (Signed)		
_____ (Printed)	_____ _____ _____	_____
_____ (Signed)		
_____ (Printed)	_____ _____ _____	_____
_____ (Signed)		

Attachment 3

FRANCHISE AGREEMENT: FOR TRANSFERS (RE-SALES) AND RENEWALS

TRANSFERS (RESALES):

Check here if you are purchasing an existing franchise from a third-party franchisee: ☐
You will, simultaneously with signing this Transfer Addendum, sign the new Franchise Agreement, which will be in full force and effect except as amended below.

A.

The original franchise agreement signed by the franchisee that is selling the Business to you was dated: _____. The initial franchise fee is waived, and instead you (or the selling franchisee) will pay us a Transfer/Training fee of \$_____, as specified in the original franchise agreement. You will not receive certain other pre-opening services.

B.

You acknowledge that you have negotiated the purchase directly from the selling franchisee, have had time to review the financial records and operations of the Business, and are not relying on us to assist in that review. You and we and the selling franchisee will sign a separate mutual release and consent to assignment.

C.

Your original term is now ten (10) years, and your remaining renewal terms are limited, as specified in the original franchise agreement, as follows: _____

D.

Check here if you are purchasing an operating company unit. ☐ If so, all terms of the agreement will remain in effect, except the procedures for site selection and site approval need not be followed. The terms of purchase of the Business are set forth in a separate purchase and sale agreement.

Initials:

Franchisee: _____

Franchisor: _____

RENEWALS:

Check here if you are renewing your franchise. ☐ The original franchise agreement signed by you was dated: _____.

You will simultaneously sign this Renewal Addendum and sign the new Franchise Agreement, which will be in full force and effect except as amended below.

You, your principals, owners, managers, directors, officers, employees, agents, insurers, successors, and assigns, release all claims against us, and our principals, owners, managers, directors, officers, employees, agents, insurers, successors, and assigns, arising out of or related to our original franchise agreement.

Because this will be a renewal franchise agreement there is no initial franchise fee, but instead you will pay us a renewal fee of \$_____, as specified in the original franchise agreement. You will not receive initial training or other pre-opening services.

Your remaining renewal term is limited, as specified in the original franchise agreement, and will end on the following date: _____.

Initials:

Franchisee: _____

Franchisor: _____

Attachment 4

LEASE ADDENDUM

TRI-PARTY AGREEMENT

THIS TRI-PARTY AGREEMENT (THE “AGREEMENT”) made as of _____ (the “Effective Date”).

BY AND BETWEEN:

G.B. Tokani, Inc.

DBA GradePower Learning

(“**GPL**”)

- and –

(the “**Franchisee**” or “**Tenant**”)

- and –

(the “**Landlord**”)

WHEREAS by a Lease dated _____ (the “**Lease**”), a true copy of which is attached hereto as or identified in Schedule “A”, the Landlord agreed to lease to the Tenant a certain premises located at _____ in the City of _____, in the State of _____ (the “**Premises**”);

AND WHEREAS the Franchisee is a GradePower Learning franchisee pursuant to a franchise agreement with GPL made as of _____ (the “**Franchise Agreement**”);

NOW, THEREFORE, in consideration of other good and valuable consideration and the sum of two dollars (\$2.00), the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1. Notwithstanding anything to the contrary contained in the Lease, it is agreed that if the Franchise Agreement is terminated or cancelled for any reason whatsoever or if the Franchise Agreement expires, the Tenant's rights under the Lease shall, at the option of GPL, be deemed to be transferred and assigned by the Tenant to GPL (and the Landlord's consent shall be deemed to have been given with respect to such assignment) whereupon GPL shall, subject to the terms of this Agreement, assume all of the obligations of the Tenant under the Lease. This option may be exercised by GPL giving the Landlord notice in writing within thirty (30) days from the date of termination, cancellation, or expiration of the Franchise Agreement, such notice to specify the date of such termination, cancellation, or expiration. The Tenant acknowledges and agrees that the Landlord may rely upon such notice and the Landlord shall not be required to inquire into the due execution thereof or the accuracy of the statements set forth therein. It is further agreed that such notice shall, without further act or formality, operate as an effective assignment in favor of GPL of the Tenant's rights under the Lease and the assumption by GPL of the covenants therein required to be observed or performed by the Tenant without the Tenant having any further rights under the Lease, except that the Tenant shall remain liable and shall immediately pay to GPL any and all costs and expenses, including, without limitation, any payments required to be made to the Landlord in order to assume the Lease. GPL shall thereafter have the right on prior written notice to the Landlord to assign the Lease to a bona fide GradePower Learning franchisee and such assignee shall covenant directly with the Landlord to assume and be bound by the Tenant's obligations hereunder and shall be entitled to all of the benefits and be subject to all of the covenants contained in the Lease as if such assignee were named the original Tenant hereunder. GPL shall, from and after the date of such assignment, be released from any and all obligations under the Lease and Tenant shall, from and after the date of such assignment, also be released from any and all obligations under the Lease provided that either Tenant or the transferee has paid Landlord any and all arrears and/or costs associated with the assignment up to and including the date of such assignment. In the event that GPL notifies Landlord that no such assignment will occur, the Lease shall be at an end, and GPL shall bear no further liability under the Lease.
2. The Tenant agrees that the Landlord may upon written request of GPL disclose to GPL all reports, information, or other data in the Landlord's possession in respect of sales made in, upon or from the Premises.
3. The Landlord shall be entitled at any time and from time to time, on request made to GPL, to receive from GPL a certificate confirming whether or not the Tenant is in good standing under the terms of the Franchise Agreement.
4. The Landlord shall give written notice to GPL (concurrently with such notice to the Tenant) of any default by the Tenant under the Lease, and GPL shall have, after the expiration of the period during which the Tenant may cure such default, an additional sixty (60) days to cure, at its sole option, any such default, provided that if such default is not capable of being cured, or arises by reason of the bankruptcy

or insolvency of the Tenant or the appointment of a receiver over the Tenant's assets or part thereof, GPL shall have the right to assume the Lease, or request a new lease for the Premises (on the same terms and conditions as are contained in the Lease).

5. In the event of any such assumption under Paragraph 4 of this Agreement, the provisions of Paragraph 1 of this Agreement shall be deemed to apply as if the Franchise Agreement were terminated or cancelled as set out therein and the Tenant shall cease to have further rights hereunder.
6. The Landlord, upon the expiration or earlier termination of the term of the Lease, or any renewal thereof, agrees to permit GPL to enter upon the Premises to remove, at its option, from the Premises all signs, trade fixtures, equipment and furnishings and all identifying characteristics related to the GradePower Learning system (including, without limitation, trademarks, service marks, copyrights, trade names, slogans, designs, and logos), provided that in so doing, Tenant shall be solely responsible to remedy all damage occasioned by such removal.
7. The Landlord and Tenant agree that notwithstanding anything contained in the Lease, the Tenant may not sublease the Premises or assign its interest under the Lease without the prior written approval of GPL, except in conjunction with a transfer as permitted under the Franchise Agreement. The Lease may not be amended in any manner whatsoever without the prior written approval of GPL.
8. The Landlord, the Tenant and GPL acknowledge and agree that GPL may act as the property manager on behalf of the Tenant for the purposes of administering the Lease. Without limiting the generality of the foregoing, in its capacity as property manager, GPL at its sole option, shall be entitled on behalf of the Tenant to:
 - (i) forward rent, correspondence and manage the business operations being conducted on the Premises; and/or
 - (ii) exercise any right of renewal and/or termination contained in the Lease and for such purposes the Tenant does hereby irrevocably appoint GPL as its lawful attorney with full power and authority to execute and deliver in the name of the Tenant any such document (s) or instrument (s) necessary to give effect to the foregoing.
9. The Landlord, the Tenant and GPL acknowledge and agree that notwithstanding the execution of this Agreement by GPL and /or the exercise by GPL of any of its rights contained herein, GPL shall not be liable for the performance of any of the terms, covenants and conditions contained in the Lease, except as specifically assumed pursuant to this Agreement.

- IN WITNESS WHEREOF** this Agreement has been executed by the parties hereto as of the Effective Date.

In the presence of

Per: _____

I have authority to bind the GPL

Per:

Title:

Per: _____

Title:

I/We have authority to bind Franchisee/Tenant

Per: _____

Title:

I have authority to bind the Landlord

Attachment 5

ASSIGNMENT OF TELEPHONE NUMBERS, DOMAINS, AND EMAIL

Date: _____

This assignment shall be effective as of the date of expiration or termination of the Franchise Agreement entered into between G.B. Tokani, Inc. ("Franchisor") and _____ ("Franchisee"). Franchisee hereby irrevocably assigns to Franchisor or its designee the telephone number(s) and listings, internet website addresses and domain names, directory listings, email addresses, and other listings and accounts, whether in electronic or other media, issued to or used by Franchisee with respect to the Franchisee's GradePower Learning center(s) (collectively, the "Listings"). Franchisee agrees to pay all amounts, whether due and payable or not, that any domain name registry, internet service provider, directory supplier, or similar third party that governs or provides Listings (collectively, "Providers") may require in connection to such transfer. This assignment is for collateral purposes only and Franchisor shall have no liability or obligation of any kind whatsoever arising from this assignment unless Franchisor desires to take possession and control over the Listings.

Franchisor is hereby authorized and empowered upon expiration or termination of the Franchise Agreement that, and without any further notice to Franchisee, to notify the Providers, as well as any other company that publishes Listings, to transfer the Listings to Franchisor or such other person or firm as is designated by Franchisor. In furtherance thereof, Franchisee hereby grants an irrevocable power of attorney to Franchisor and appoints Franchisor as its attorney-in-fact to take any necessary actions to assign the Listings including but not limited to, executing any forms that the Providers may require to effectuate the assignment. This assignment is also for the benefit of the Providers, who may accept this assignment and Franchisor's instructions as conclusive evidence of Franchisor's rights in the Listings and Franchisor's authority to direct the amendment, termination, or transfer of the Listings as if they had originally been issued to Franchisor. In addition, Franchisee agrees to hold the Providers harmless from any and all claims against them arising out of any actions or instructions by Franchisor regarding the Listings.

FRANCHISEE:

FRANCHISOR:

G.B. TOKANI, INC.

By _____
Its _____

By _____
Its _____

Attachment 6

AUTHORIZATION FOR ELECTRONIC FUNDS TRANSFER

I (we) hereby authorize G.B. Tokani, Inc. ("Franchisor") to initiate Electronic Funds Transfer ("EFT") charges to my (our) bank account (indicated below) for payment of fees owed by me (us) to Franchisor.

Financial Institution Name: _____

Account Number: _____

Routing Number (9 digits): _____

Branch Name: _____

Address: _____

Individual Name: _____

Corporate Name: _____

By: _____
Signature and Title

Please attach a voided blank check for verification purposes

<i>VOIDED CHECK</i>

Attachment 7

CONFIDENTIALITY & NON-COMPETITION AGREEMENT¹

In consideration of your being retained for your position as _____ [TITLE] of the GradePower Learning center located in _____ [LOCATION] under the ownership or management of _____ [FRANCHISEE LEGAL NAME] (the "Franchisee") and for G.B. Tokani, Inc. (the "Franchisor") granting Franchisee the franchise, you, the undersigned, hereby acknowledge and agree that:

The Franchisee operates a GradePower Learning center (the "Franchised Center") under a Franchise Agreement with the Franchisor. The Franchised Center offers preschool courses as well as courses and tutoring to prepare students for standardized entrance examinations, including the SAT and ACT, and individualized instruction in reading, phonics, study skills, mathematics, and related areas.

ARTICLE 1 – DEFINITIONS

In this Confidentiality & Non-Competition Agreement (this "Agreement"), unless something in the subject matter or context is inconsistent therewith:

"Confidential Information" means any and all information, knowledge, know-how, techniques, and other data that the Franchisor designates as confidential including, but not limited to, information, knowledge, or know-how concerning the methods of operation of the Franchised Center, which may be communicated to you by virtue of your employment or affiliation with the Franchisee.

"Purpose" means your work as the _____ [TITLE] of the Franchised Center.

ARTICLE 2 – CONFIDENTIAL INFORMATION

2.01 Disclosure of Confidential Information

Nothing in this Agreement obligates the Franchisor or the Franchisee to disclose any particular Confidential Information.

2.02 Use of Confidential Information

You shall use any Confidential Information solely for the Purpose, and you shall use all reasonable efforts to protect the Franchisor's interest in the Confidential Information and keep it confidential. During the term of this Agreement and thereafter, you shall not communicate, divulge, or use for the benefit of any person,

¹ Franchisee is solely responsible for independently determining that this form complies with all applicable laws and is enforceable in the relevant jurisdictions.

partnership, association, limited liability company, corporation, or other entity, any Confidential Information.

The Confidential Information will not be copied, reproduced in any form or stored in a retrieval system or database by you without the prior written consent of the Franchisor, except for such copies and storage as may be required by you for the Purpose. You will take reasonable security measures and use care to preserve and protect the secrecy of, and to avoid the disclosure or use of, the Confidential Information. You will promptly advise the Franchisee and the Franchisor in writing of any misappropriation or misuse by any person of the Confidential Information that may come to your attention.

2.03 Return of Confidential Information

Upon the request of the Franchisee, any Confidential Information furnished to you will be promptly returned (accompanied by all copies thereof made by you) and deleted from all retrieval systems and databases by you. With the consent of the Franchisee in writing, any Confidential Information that would otherwise be returned to the Franchisee may instead be destroyed by you. You will deliver to the Franchisee a certificate signed by you of such return (or destruction) and deletion.

2.04 Rights in Confidential Information

(1) All right, title and interest in and to the Confidential Information will remain the exclusive property of the Franchisor and the Confidential Information will be held in trust and confidence by you for the Franchisor. No interest, license, or any right respecting the Confidential Information, other than expressly set out herein, is granted to you under this Agreement by implication or otherwise. Nothing contained herein will be deemed to limit or restrict the rights of the Franchisor to assert claims for patent or copyright infringement against you.

(2) This Agreement does not constitute any representation, warranty, or guarantee with respect to the accuracy or completeness of any Confidential Information or whether the Confidential Information infringes any rights of third parties. The Franchisor will not be held liable for any errors or omissions in the Confidential Information or the use or the results of the use of the Confidential Information.

2.05 Legally Required Disclosure

If you are requested pursuant to, or required by, applicable law or a court order (or similar legal process) to disclose any Confidential Information, you will provide the Franchisee and the Franchisor with prompt notice of such request or requirement in order to enable the Franchisor or the Franchisee to seek an appropriate protective order or other remedy or to waive compliance with the terms of this Agreement or both. You will not oppose any action by the Franchisor or the Franchisee to seek such a protective order or other remedy. If, failing the obtaining of a protective order or other remedy by the Franchisor or the Franchisee, such disclosure is required, you will use your best efforts to ensure that the disclosure will be afforded confidential treatment.

2.06 **Survival**

Due to the valuable and proprietary nature of the Confidential Information to the Franchisor the obligations assumed by you hereunder shall (a) be unlimited in time or territory, or, (b) if it is held by a court of competent jurisdiction that this provision is illegal, invalid or unenforceable, shall apply only within those territories within which the Franchisor or Franchisee then carries on business and only up to ten (10) years after disclosure of such Confidential Information.

ARTICLE 3 – NON-COMPETITION

You will receive certain valuable information about franchising, the Franchisor, the Franchisee, and the Franchisor's system of operation ("System"), and this information would not have been given to you, without your execution of this Agreement. You agree that you have earned a living before entering into this Agreement and have the skills to do so in the future in the event that the non-competition provisions in this Agreement are enforced against you. You covenant that during the term of this Agreement, and for a continuous uninterrupted period of two (2) years commencing upon the date of your termination of employment or affiliation with Franchisee, you shall not, either directly or indirectly, for yourself, or through, on behalf of, or in conjunction with any person or entity:

- (a) divert or attempt to divert any present or prospective business or customer of any Franchised Center to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Franchisor's marks or its system; or
- (b) own, maintain, operate, engage in, be employed by, be a consultant to, loan money to, provide any assistance to, be a franchisee of, or have any interest in (as owner or otherwise) any business in competition with the Franchisor, except that after your termination of employment or affiliation with Franchisee, this restriction applies only to such a business located within (i) any Exclusive Area or Territory of the Franchisee; (ii) a radius of twenty-five (25) miles from any Exclusive Area or Territory of the Franchisee; (iii) a radius of twenty-five (25) miles from any approved Franchised Center location; or (iv) a radius of twenty-five (25) miles from any Franchised Center.

You acknowledge you have been advised as to any Exclusive Area or Territory of the Franchisee before signing this Agreement. The restrictions of Paragraph 2(c) shall not apply to your ownership of a less than 5% beneficial interest in the outstanding equity securities of any corporation which has securities registered under the Securities Exchange Act of 1934; or your work for any school licensed by, or recognized as, a school by the state or jurisdiction in which such school operates, provided that you or it does not use for your or its benefit, or for the benefit of others, the Franchisor's confidential information, or disclose any Franchisor trade secret.

ARTICLE 4 - GENERAL

4.01 Relationship of the Parties

Nothing contained in this Agreement will be deemed to create any partnership, joint venture or relationship of principal and agent between the parties or with the Franchisor to provide either party with the right, power, or authority, whether express or implied, to create any duty or obligation on behalf of the other party or the Franchisor.

4.02 Third-Party Beneficiaries

The Franchisor is a third-party beneficiary of this Agreement and may enforce it, solely or jointly with the Franchisee. Any violation of this Agreement will cause the Franchisor and the Franchisee irreparable harm, and, therefore, the Franchisor or the Franchisee, or both, may apply for injunctive relief preventing you from violating this Agreement in addition to any other remedies they may have hereunder, at law or in equity. You agree to pay the Franchisor and the Franchisee, as appropriate, all costs each may incur, including attorneys' fees, if either the Franchisor or the Franchisee seeks to assert any legal rights against you hereunder.

4.03 Entire Agreement

This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and cancels and supersedes any prior understandings and agreements between the parties with respect thereto. There are no representations, warranties, terms, conditions, undertakings, or collateral agreements, express, implied, or statutory, between the parties other than as expressly set forth in this Agreement.

4.04 Amendment and Waivers

No amendment to this Agreement will be valid or binding unless set forth in writing and duly executed by both of the parties. No waiver of any breach of any provision of this Agreement will be effective or binding unless made in writing and signed by the party purporting to give the same and, unless otherwise provided, will be limited to the specific breach waived.

4.05 Assignment

This Agreement may not be assigned by you. This Agreement will inure to the benefit of the successors and permitted assigns of the Franchisee.

4.06 Severability

If any provision of this Agreement is held to be invalid or unenforceable in whole in part, such invalidity or unenforceability will attach only to such provision or part thereof and the remaining part of such provision and all other provisions hereof will continue in full force and effect.

4.07 **Notices**

Any demand, notice or other communication to be given in connection with this Agreement must be given in writing and will be given by personal delivery, by overnight courier, or by electronic means of communication as follows:

To the Franchisor:

G.B. Tokani, Inc
o/a GradePower Learning Centers
230 – 747 Hyde Park Road
London, Ontario N6H 3S3
Attention: President

To the Franchisee:

E-mail:
Attention:

To you:

E-mail:
Attention:

or to such other street address, individual or electronic communication number or address as may be designated by notice given by either party or the Franchisor to the others. Any demand, notice or other communication given by personal delivery or overnight courier will be conclusively deemed to have been given on the day of actual delivery thereof, and if given by electronic communication, on the day of transmittal thereof if given during the normal business hours of the Franchisee and on the day during which such normal business hours next occur if not given during such hours on any day.

4.08 **Remedies**

You agree that monetary damages would not alone be sufficient to remedy any breach by you of any term or provision of this Agreement and that Franchisor and/or Franchisee will also be entitled to equitable relief, including injunction and specific performance, in the event of any breach hereof and in addition to any other remedy available pursuant to this Agreement or at law or in equity. You further waive any requirement for the deposit of security or posting of any bond in connection with any equitable remedy.

4.09 **Governing Law; Venue**

This Agreement is made under, and shall be construed and enforced in accordance with, the laws of the State of Delaware. The parties agree that the exclusive venue for disputes between them may be set in London, Ontario, Canada, or the city of the Franchisor's

then-current headquarters, and the parties each waive any objection they may have to the personal jurisdiction of, or venue in, such courts.

4.010 Counterparts

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

4.011 Electronic Execution

Delivery of an executed signature page to this Agreement by either party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

I have read and understand this Confidentiality and Non-competition Agreement and agree to be bound by its terms.

I have a copy of this Agreement.

IN WITNESS WHEREOF, each of the undersigned has hereunto affixed your signature.

Signature: _____

Print Name: _____

Address: _____

Witnessed by: _____

EXHIBIT E

TABLE OF CONTENTS OF THE MANUALS

GPL Schedule E Table of Contents – Operations Manual
(Total Approx. [1310](#) Pages, 33 Videos – Approximately 21 Hours 24 Minutes)

(Referenced in Section 26 of this Disclosure Document)
All Forms contain a methodology on their use

CA400 Training Key Staff

Part 1: Teaching Principles

1.1 Teaching Principles Manual – (32 pages)

- Chapter 1: Philosophy and Educational Model 1.1 – 1.9
- Chapter 2: Welcome to GradePower Learning 2.1 – 2.6
- Chapter 3: Interactive Coaching in Action 3.1 – 3.10
- Chapter 4: A Typical GradePower Teaching Experience 4.1 – 4.4

1.2 Teaching Principles E-Learning Module – 1 Video: 37 minutes (4 Chapters) plus Centerwork (7 pages)

- Chapter 1: Philosophy and Educational Model
- Chapter 2: Welcome to GradePower Learning
- Chapter 3: Interactive Coaching in Action
- Chapter 4: A Typical GradePower Teaching Experience

1.3 Teaching the GradePower Way – In Development

Part 2: Dynamic Assessment Training

2.1 New Dynamic Assessment Training E-Learning Modules

Eight e-Learning Modules totalling 10 videos – Approximately 3 Hours 45 Minutes Total Screen Time plus 61 pages of Centerwork (CW)

1. The Dynamic Assessment Session 1: Introduction (Video: 24 Minutes + 6 pages CW)
2. The Dynamic Assessment Session 2: KBIT-2 Delivery and Scoring (Video: 18 Minutes + 3 pages CW)
3. The Dynamic Assessment Session 3: Beery VMI Delivery (Video: 17 Minutes + 3 pages CW)
4. The Dynamic Assessment Session 4a: Beery VMI Scoring (Video: 35 Minutes + 22 pages CW)
5. The Dynamic Assessment Session 4b: Beery Visual Perception and Motor Coordination Scoring (Video: 10 minutes + 3 pages CW)
6. The Dynamic Assessment Session 5a: The Screens (Video: 25 Minutes + 4 pages CW)
7. The Dynamic Assessment Session 5b: The Questionnaires (Video: 10 Minutes + 3 pages CW)
8. The Dynamic Assessment Session 6: Academic Testing - English and Mathematics (Video: 44 Minutes + 7 pages CW)
9. The Dynamic Assessment Session 7: Interpreting the Cognitive Scores (Video: 25 Minutes + 5 pages CW)
10. The Dynamic Assessment Session 8: Moving from Assessment to Programming (13 Minutes + 5 pages CW)

2.2 AR Forms (90 Pages Total)

- AR100 GP Dynamic Assessment – The Tests (Form – 6 pages)
- AR101 GP Dynamic Assessment – Student Presentation Guide (Form – 9 pages)
- AR102 GP Dynamic Assessment – Scoring the Test Components (Form – 8 pages)
- AR103 GP Dynamic Assessment – Interpreting the Cognitive Scores (Form – 6 pages)
- AR104 GP Dynamic Assessment – Assessment Conference Guide (Form – 7 pages)
- AR105 GP Dynamic Assessment – Certification (Form – 2 pages)
- AR200 Student Assessment Synopsis (Form – 2 pages)
- AR201 Assessment Observations (Form – 4 pages)
- AR202 Predictive Screens (Form – 4 pages)
- AR203 Auditory Discrimination (Form – 3 pages)
- AR204 Am I Ready for Success? (Form – 4 pages)
- AR205 What is My Learning Style? (Form – 5 pages)
- AR206 Curriculum Support Analysis (Form – 3 pages)
- AR207 Pre-Reading Screens (Form – 4 pages)
- AR208 Academic Testing – Beyond Tutoring and Advantage (Form – 15 pages)

AR300 Parent Feedback (Form – 3 pages)
AR400 Certified Assessor Checklist (Form – 2 pages)
AR401 Head Office Assessment Checklist (Form – 3 pages)

Part 3:

3.1 Curriculum and Programming – Review information on program and complete E-Learning Modules

7 e-Learning Modules totalling 7 videos – Approximately 4 Hours 11 Minutes Total Screen Time plus 37 pages of Centerwork (CW)

- 3.1.1: Introduction to Our Programs (Video: 8 minutes + 2 pages CW)
- 3.1.2: The Reading Excellence Program (47 minutes + 7 pages CW)
- 3.1.3: Learn to Read the GradePower Way (41 minutes + 4 pages CW)
- 3.1.4: Using Streams 1 and 2 Effectively (41 minutes + 6 pages CW)
- 3.1.5: The Core Skills Program (53 minutes + 8 pages CW)
- 3.1.6: The Advantage Program (38 minutes + 6 pages CW)
- 3.1.7: Effective Math Programming (23 minutes + 4 pages CW)

3.2 Curriculum and Programming Resources – See Part 8 of this document

Part 4: Education Management – In Development

- 4.1: Getting Students off to a Good Start
- 4.2: Program Maintenance
- 4.3: Lesson Planner Reviews (LPRs)
- 4.4: Training and Supporting your Teachers

Part 5: Center Management – In Development

- 5.1: In-Centre Organization
- 5.2: Effective Client Communication
- 5.3: Conducting the Enrollment Conference
- 5.4: Customer Retention Models (CRMs)
- 5.5: Hiring and Training Key Staff
- 5.6: Marketing
- 5.7: Summer
- 5.8: Other MIS Tasks
- 5.9: Human Resources
- 5.10: Policy Manual and Forms

Part 6: Business Training Prep E-Learning Modules - 61 Pages

- Session 1: MIS Invoice Integration – 23 Pages
- Session 2: Staffing: Education Directors & Coordinators – 38 Pages

Part 7: Policy Manual – (Approximately 130 Pages) Ongoing Development

- Chapter 1: General Policies and Procedures 1.1 – 1.57
- Chapter 2: Business Policies and Procedures 2.1 – 2.14
- Chapter 3: Accounting Policies and Procedures 3.1 – 3.6
- Chapter 4: Training Policies and Procedures 4.1 – 4.6
- Chapter 5: Computer Systems Policies and Procedures 5.1 – 5.11
- Chapter 6: Human Resources Policies and Procedures 6.1 – 6.11
- Chapter 7: Marketing Policies and Procedures 7.1 – 7.10

Part 8: Program Resources on the MIS –

Watch RoundTable recordings, Review Forms, Slides and PDF Presentation(s) where available.

1. ACT Resources: 100 Pages Total
 - ACT Test Prep Program – Introduction – 1 page (MIS), 29 slides, 32-page PDF
 - ACT100 ACT Test Prep Planner 1:1 (Form – 4 pages)
 - ACT102 ACT A/P Summary (Form – 4 pages)
 - ACT103 ACT First Class Welcome (Form – 2 pages)
 - ACT105 LPR – ACT (Form – 2 pages)
 - ACT106 ACT Exit Interview (Form – 3 pages)
 - ACT201 ACT Diagnostic Test Answer Sheet (Form – 2 pages)
 - ACT202 ACT Writing Test Response Form (Form – 11 pages)
 - ACT300 ACT Tutor Guide (Form – 3 pages)
 - ACT301 ACT Management Guide (Form – 7 pages)
 - ACT303 ACT MIS Guide (Form – 27 pages)
2. SAT Resources: 14 Pages Total
 - SAT100 SAT Test Prep Planner 1:1 (Form – 4 pages)
 - SAT102 SAT A/P Summary (Form – 2 pages)
 - SAT103 SAT First Class Welcome (Form – 2 pages)
 - SAT105 LPR – SAT (Form – 2 pages)
 - SAT400 SAT Proctoring Information and Script (Form - 1page)
 - SAT401 dSAT Formulas (Form- 2 pages)
 - SAT 402 dSAT Bubble Answer Sheet (Form - 1page)
3. SSAT Resources: 17 Pages Total
 - SSAT Test Prep Program – 1 page on the MIS
 - SSAT101 SSAT Middle and Upper Planner (Form – 4 pages)
 - SSAT102 SSAT A/P Summary (Form – 2 pages)
 - SSAT103 SSAT First Class Welcome (Form – 2 pages)
 - SSAT104 SSAT Study Schedule (Form – 4 pages)
 - SSAT105 SSAT LPR (Form – 2 pages)
 - SSAT106 SSAT Exit Interview (Form – 2 pages)
4. Reading Excellence Resources: 55 Pages Total
 - Introduction – 1 page (MIS)
 - Online Training (see Part 3 of this document)
 - PL100 Level 1 (Form – 3 pages)
 - PL101 Level 2 (Form – 3 pages)
 - PL102 Level 3 (Form – 4 pages)
 - PL103 Level 4 (Form – 3 pages)
 - PR100 Planner Selection Guide (Form – 8 pages)
 - PR101 Curriculum Arrangement (Form – 12 pages)
 - PR200 A/P Summary: Reading Excellence and Core Skills (Form – 2 pages)
 - PR202 Goal Setting and Record Keeping (Form – 3 pages)
 - PR300 First Class Welcome (Reading Excellence) (Form – 2 pages)
 - PR400 Alphabet Chart (Form – 3 pages)
 - PR401 Vowel Chart (Form – 3 pages)
 - PR404 Listening Center (Form – 4 pages)
 - PR500 Reading Excellence Level 1 Graduation Certificate (1 page)
 - PR501 Reading Excellence Level 2 Graduation Certificate (1 page)
 - PR502 Reading Excellence Level 3 Graduation Certificate (1 page)

- PR503 Reading Excellence Graduation Certificate (1 page)
5. Core Skills Resources: 78 Pages Total
 - Introduction – 1 page (MIS)
 - Online Training (see Part 3 of this document)
 - PL110 Reading and Writing 1-3 (Form – 4 pages)
 - PL111 Math 1-3 (Form – 4 pages)
 - PL112 Enriched 1-3 (Form – 4 pages)
 - PL113 Reading 4-6 (Form – 4 pages)
 - PL114 Writing 4-6 (Form – 4 pages)
 - PL115 Math 4-6 (Form – 4 pages)
 - PL116 Enriched 4-6 (Form – 4 pages)
 - PL117 Reading 7-8 (Form – 4 pages)
 - PL118 Writing 7-8 (Form – 4 pages)
 - PL119 Math 7-8 (Form – 4 pages)
 - PL120 Enriched 7-8 (Form – 4 pages)
 - PL125 Core Skills Curriculum Support (Form – 3 pages)
 - PR100 Planner Selection Guide (Form – 8 pages)
 - PR101 Curriculum Arrangement (Form – 12 pages)
 - PR200 A/P Summary: Reading Excellence and Core Skills (Form – 2 pages)
 - PR202 Goal Setting and Record Keeping (Form – 3 pages)
 - PR402 What is a Paragraph? (Form – 2 pages)
 - PR403 SQ-RCRC (Form – 3 pages)
 6. Advantage Resources – 48 Pages + 1 Video Approximately 40 minutes
 - Introduction – 1 page (MIS)
 - Online Training (see Part 3 of this document)
 - PL130 Advantage Prep (Form – 3 pages)
 - PL131 Advantage Reading (Form – 3 pages)
 - PL132 Advantage Writing (Form – 3 pages)
 - PL133 Advantage Math (Form – 3 pages)
 - PL135 Advantage Curriculum Support (Form – 3 pages)
 - PL140 Virtual School Support Planner (Form – 2 pages)
 - PR100 Planner Selection Guide (Form – 8 pages)
 - PR101 Curriculum Arrangement (Form – 12 pages)
 - PR201 A/P Summary: Advantage (Form – 2 pages)
 - PR202 Goal Setting and Record Keeping (Form – 3 pages)
 - PR302 First Class Welcome (Advantage) (Form – 2 pages)
 - PR403 SQ-RCRC (Form – 3 pages)
 7. Advantage Plus Resources – 83 Pages Total + 1 Video 47 minutes
 - Introduction – 1 page (MIS)
 - Video: RoundTable Recording (47 minutes)
 - AP100 Bridging the Transition to College: A Skills-Based Toolbox Teacher Guide (80 pages)
 - AP200 Bridging the Transition to College Planner (Form – 2 pages)
 8. College Application Support Resources – 51 Pages Total
 - Introduction – 1 page (MIS)
 - Video: RoundTable Recording (41 minutes)
 - AP103 College Applications 101: Coaching Your Way to Success Teacher Guide (8 pages)
 - AP203 College Applications 101 Planner (Form – 2 pages)
 9. Summer – 4 Pages + 3 Videos: 2 Hours 35 Minutes

- Introduction – 1 page (MIS)
- Summer Assessments, Programming, and Curriculum – 1 page (MIS)
- Video: Workshops, Group Programs, Summer RoundTable 1 Recording (45 minutes)
- Video: Workshops, Group Programs, Summer RoundTable 2 Recording (1 hour, 12 minutes)
- Video: Webinar Gearing Up for Summer and Back to School - May 2017 (37 minutes)
- EN301 Summer Reminder Schedule (Form – 1 page)
- EN302 Summer Goals Worksheet (Form – 1 page)
- 10. Workshops and Group Programs – 64 Pages + 1 Video: 45 minutes
 - Introduction – 1 Page (MIS)
 - Video: RoundTable Recording (45 minutes)
 - GR100 20-Hour Study Skills Teacher Guide (Form – 24 pages)
 - GR200 20-Hour Math Skills Teacher Guide (Form – 12 pages)
 - GR201 Elementary Math Review Planner (Form – 1 page)
 - GR202 Intro to High School Math Planner (Form – 1 page)
 - GR300 Get Organized Skill Development Program Teacher Guide (Form – 10 pages)
 - GR301 Understanding Group Dynamics Workshop Teacher Guide (Form – 6 pages)
 - GR400 Workshops and Group Programs Management Guide (Form – 4 pages)
 - GR401 Workshops and Group Programs Student Feedback Form (Form – 2 pages)
 - GR500 Icebreaker Activities (Form – 3 pages)
- 11. Little Readers (Optional) – 98 Pages + 2 Videos: 2 hours, 39 minutes
 - Introduction – 1 Page (MIS)
 - Video: RoundTable Recording (53 minutes)
 - Guide Page (Form – 20 pages)
 - Video: Instruction Video (1 hour 46 Minutes)
 - LR250 Little Readers Level 1 Graduation Certificate (Form – 1 page)
 - LR251 Little Readers Level 2 Graduation Certificate (Form – 1 page)
 - LR252 Little Readers Graduation Certificate (Form – 1 page)
 - LR259 A/P Summary: Little Readers (Form – 2 pages)
 - LR260 Level 1 (Form – 3 pages)
 - LR261 Level 2 (Form – 3 pages)
 - LR262 Level 3 (Form – 4 pages)
 - LR401 LR Teacher Focus (Form – 3 pages)
 - Large Alphabet Letters (Form – 27 pages)
 - Songs and Fingerplays (Form – 24 pages)
 - Circle Guide (Form – 5 pages)
 - Calendar Cut-Outs for Circle Methodology (Form – 3 pages)
- 12. Test Prep 1:1 – 9 Pages Total
 - Introduction – 1 Page (MIS)
 - TP100 Test Prep 1:1 Planner (Form – 7 pages)
 - TP101 Test Prep 1:1 Study Schedule (Form – 4 pages)
 - TP102 A/P Summary (Form – 2 pages)
 - TP103 First Class Welcome (Form – 2 pages)
 - TP105 Lesson Planner Review (Form – 2 pages)
 - TP106 Exit Interview (Form – 2 pages)
- 13. Virtual Table Resources – 147 pages + 7 videos: 5 hours, 26 minutes

Introduction – 1 page (MIS)
 Video: Digital Planner Training (January 4, 2021) (21 minutes)
 Video: Managing your Center Virtually and in-Person (May 7, 2021) (1 hour, 5 minutes)
 Video: Managing your Center Virtually and in-Person (May 5, 2021) (59 minutes)
 3:1 Virtual Table Management Training Video (April 13, 2021) (46 minutes)
 Virtual Table Management (April 1, 2021) (54 minutes)
 Virtual Table Management (March 31, 2021) (56 minutes)
 Virtual Table Placement Guide
 Introduction – 1 page (MIS)
 Video: Virtual Table Placement (Guide) Training process (25 minutes)
 Delivery 1 – Pre-Reading (Form – 12 pages)
 Delivery 2 – Word Recognition (Form – 14 pages)
 Delivery 3 – Oral Reading (Form – 14 pages)
 Delivery 4 – Vocabulary Comprehension (Form – 13 pages)
 Delivery 5 – Passage Comprehension (Form – 12 pages)
 Delivery 6 – Sentence Creation (Form – 8 pages)
 VT100 Virtual Table Placement Guide – Language (Form – 11 pages)
 VT103 Virtual Table Placement Guide – Pre-Reading (Form – 4 pages)
 Level 01 Mathematics (Form – 2 pages)
 Level 02 Mathematics (Form – 4 pages)
 Level 03 Mathematics (Form – 3 pages)
 Level 04 Mathematics (Form – 3 pages)
 Level 05 Mathematics (Form – 2 pages)
 Level 06 Mathematics (Form – 2 pages)
 Level 07 Mathematics (Form – 2 pages)
 Level 08 Mathematics (Form – 2 pages)
 Level 09 Mathematics (Form – 3 pages)
 Level 10 Mathematics (Form – 2 pages)
 Level 11 Mathematics (Form – 5 pages)
 Level 12 Mathematics (Form – 5 pages)
 Level 13 Mathematics (Form – 5 pages)
 Level 14 Mathematics (Form – 2 pages)
 VT101 Virtual Table Placement Guide – Mathematics (Form – 15 pages)
 Additional Assessment Resource Forms (In-center) - See Section 2.2

EXHIBIT F
CURRENT AND CERTAIN FORMER FRANCHISEES

List of Open Franchisees

Operating as of December 31, 2023

	Center Name	Phone	Franchisees	Address 1	Address 2	City	State	Zip Code	Center Email
1.	Greystone, AL	205-980-5745	Kathleen & Harry Brown, Scott & Stephanie Brown	1401 Doug Baker Blvd., Suite 102	The Village at Lee Branch	Hoover	AL	35242	greystone@gradepowerlearning.com
2.	Pelham, AL	205-620-2373	Kathleen (Kathy) & Harry Brown and Scott & Stephanie Brown	349 Huntley Parkway		Pelham	AL	35124	pelhamal@gradepowerlearning.com
3.	Elk Grove, CA	916-683-1115	David Vallerger Jr. & Lindsey Peralta	9261 Laguna Springs Drive, Suite 120		Elk Grove	CA	95758	elkgroveca@gradepowerlearning.com
4.	Aurora, CO	303-928-7644	Olga & Robert Mead	6155 S. Main Street, Suite 220	Southland Mall	Aurora	CO	80016	auroraco@gradepowerlearning.com
5.	Largo, FL	727-595-1538	Janice (Jan) & Randall (Randy) Haskins	12931 Walsingham Road		Largo	FL	33774	largofl@gradepowerlearning.com
6.	Nocatee, FL	904-543-3366	Andrew Learned	340 Town Plaza Avenue, Suite 230		Ponte Vedra	FL	32081	nocateefl@gradepowerlearning.com
7.	Ocoee, FL	407-901-0901	Andrew Learned	286 Moore Road		Ocoee	FL	34761	ocoeefl@gradepowerlearning.com
8.	Palm Harbor, FL	727-475-9980	Janice (Jan) & Randall (Randy) Haskins	3412 East Lake Road South		Palm Harbor	FL	34685	palmharborfl@gradepowerlearning.com
9.	Valrico, FL	813-669-3690	Andrew Learned	2470 Bloomingdale Avenue, Suite 1330		Valrico	FL	33596	valricoffl@gradepowerlearning.com
10.	Meridian, ID	208-608-5061	Michael & Dana Howard	3327 N. Eagle Road, Suite 100	CentrePoint Market Place	Meridian	ID	83646	meridianid@gradepowerlearning.com
11.	Lisle, IL	331-826-1616	Alex Durbin & Catherine Martin	6454 College Road		Lisle	IL	60532	lisle@gradepowerlearning.com
12.	Naperville, IL	630-355-1600	Alex Durbin & Catherine Martin	3075 Book Road, Suite 119	95th Street Shops	Naperville	IL	60564	naperville@gradepowerlearning.com
13.	Maplewood, MN	651-330-8853	Mohamed Hassan	1055 Westgate Dr., Suite 190		Saint Paul	MN	55114	maplewoodmn@gradepowerlearning.com
14.	Cary, NC	919-462-3330	Manisha Bijjaragi & Narendra Kalyankar	1229 NW Maynard Road	Maynard Crossing Shopping Center	Cary	NC	27513	cary@gradepowerlearning.com
15.	Fairview Park, OH	440-230-3444	Tanya Foose & Dean Baldwin	21679 Lorain Road		Fairview Park	OH	44126	fairviewpark@gradepowerlearning.com
16.	Austin South, TX	512-892-7323	Gordon Falk	4301 W. William Cannon Drive	Bldg. B, Suite 220	Austin	TX	78749	austinsouth@gradepowerlearning.com
17.	Frisco, TX	972-325-1195	Lloyd Moffatt & Chinwe Okeke-Moffatt	8811 Teel Parkway, Suite 250		Frisco	TX	75034	friscotx@gradepowerlearning.com
18.	Chesapeake, VA	757-547-9797	Sarah & James Douglas	805 N Battlefield Blvd., Unit 123	Knell's Ridge Square	Chesapeake	VA	23320	chesapeake@gradepowerlearning.com

**List of Franchisees With Signed Franchise Agreements as of December 31, 2023,
But Were Not Open as of December 31, 2023:**

Center Name	Phone	Franchisees	Address 1	Address 2	City	State	Zip	Email
Fruit Cove, FL	(904) 429-9664	Andrew Learned	TBD	TBD	Fruit Cove	FL	TBD	fruitcovefl@gradelearning.com
Lakeland, FL		Kenneth, Randall, and Janice Haskins	4525 S. Florida Avenue	Unit 19	Lakeland	FL	33813	lakelandfl@gradelearning.com

List of Former Franchisees

Location	Franchisee	Phone	Entity	Address	City	State	Zip	Reason
Fruit Cove, FL	Gina Geloso & Alex Fernandez	407- 810- 5629	G&A Academics, LLC	598 Kesley Lane	St. Johns	FL	32259	Transfer / Ceased Operations*
Nocatee, FL	Gina Geloso & Alex Fernandez	407- 810- 5629	G&A Nocatee, LLC	598 Kesley Lane	St. Johns	FL	32259	Transfer
Louisville, KY	Susan (Poh) Lim & John Liu	502- 572- 0945	Cherish Apples, Co.	4811 Cedar Forest Pl	Louisville	KY	40245	Transfer / Ceased Operations**
Cary, NC	Robert F. Schmitt & Linda D. Schmitt	919- 606- 2549	Learning for Life, LLC	101 Craven Hill Court	Cary	NC	27518	Transfer

* This Franchisee is listed as a transfer and a ceased operations since the Franchisee transferred its franchise agreement to a new franchisee and the new franchisee is currently in the process of reopening this location.

**This Franchisee is listed as a transfer and a ceased operations since the Franchisee transferred its franchise agreement to a new franchisee and the new franchisee relocated the franchise to Florida and is in the process of reopening the franchise.

EXHIBIT G
FINANCIAL STATEMENTS

Financial Statements of

G.B. TOKANI INC.

And Independent Auditor's Report thereon

Year ended December 31, 2023
(Expressed in US Dollars)



KPMG LLP

120 Victoria Street South
Suite 600
Kitchener, ON N2G 0E1
Canada
Telephone 519 747 8800
Fax 519 747 8811

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of G.B. Tokani Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of G.B Tokani Inc. (the Company), which comprise the balance sheet as of December 31, 2023, and the related statements of earnings and deficit, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023, and the results of its operations and its cash flows for the year then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the “***Auditor’s Responsibilities for the Audit of the Financial Statements***” section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. generally accepted accounting principles, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.



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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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



Page 3

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

A handwritten signature in black ink that reads "KPMG LLP". The signature is written in a cursive, stylized font. Below the signature is a single, long, horizontal, slightly wavy line.

Kitchener, Canada

March 4, 2024

G.B. TOKANI INC.

Balance Sheet
(Expressed in US Dollars)

December 31, 2023, with comparative information for 2022

	2023	2022
Assets		
Current assets:		
Cash (note 4)	\$ 182,403	\$ 209,286
Advertising fund cash and receivables (note 6)	145,233	65,484
Accounts receivable (note 5)	75,186	51,604
Current portion of notes receivable (note 10)	59,319	62,703
Prepaid expenses	24,178	20,618
Inventory	1,166	2,332
Current contract asset	3,675	2,775
	491,160	414,802
Property, plant and equipment	2,932	1,014
Long-term contract asset	22,713	17,763
Intangible assets-franchise agreements (note 7)	5,950	18,550
	\$ 522,755	\$ 452,129

Liabilities and Shareholder's Equity

Current liabilities:		
Accounts payable and accrued liabilities (note 8)	\$ 121,961	\$ 120,569
Advertising fund liabilities and accruals (note 6)	34,843	360
Deferred revenue	155,253	127,227
Due to related parties (note 9)	100,000	—
	412,057	248,156
Shareholder's equity:		
Share capital:		
Authorized:		
Unlimited number of common shares - voting		
Unlimited number of non-voting Class B special shares		
Issued and outstanding: (note 13)		
Common shares	—	—
Class B special shares	250,000	250,000
Deficit	(139,302)	(46,027)
	110,698	203,973
Subsequent events (note 15)		
	\$ 522,755	\$ 452,129

See accompanying notes to financial statements.

On behalf of the Board:

Director

G.B. TOKANI INC.

Statement of Earnings and Deficit (Expressed in US Dollars)

Year ended December 31, 2023, with comparative information for 2022

	2023	2022
Revenue:		
Royalty revenue	\$ 606,456	\$ 557,444
Franchise fees	19,973	16,665
Curriculum sales	53,146	48,618
Education materials	78,805	58,749
Advertising fund revenue	331,578	320,283
Other	1,600	1,765
	1,091,558	1,003,524
Expense:		
License fees	493,648	432,310
Salaries, wages and benefits	159,648	63,802
Material costs	28,438	17,207
Professional fees	56,219	59,998
General and administrative	87,911	87,673
Amortization and depreciation	13,691	12,660
Advertising and promotion	15,472	828
Advertising fund expenditures	286,228	344,752
Interest and bank charges	4,073	4,351
Insurance	24,636	23,004
	1,169,964	1,046,585
Other income		
Interest Income	(1,228)	—
Loss before income taxes	(77,178)	(43,061)
Current income tax expense (note 11)	1,000	171
Net loss	(78,178)	(43,232)
Deficit, beginning of year	(46,027)	(2,795)
Topic 326 adjustment (note 3 (o) and 10)	(15,097)	—
Deficit, end of year	\$ (139,302)	\$ (46,027)

See accompanying notes to financial statements.

G.B. TOKANI INC.

Statement of Cash Flows (Expressed in US Dollars)

December 31, 2023, with comparative information for 2022

	2023	2022
Cash provided by (used in):		
Operating activities:		
Net loss	\$ (78,178)	\$ (43,232)
Items not involving cash:		
Amortization and depreciation	13,691	12,660
Net change in non-cash operating working capital:		
Accounts receivable	(23,582)	(8,807)
Inventory	1,166	—
Contract asset	(5,850)	(11,038)
Advertising fund assets and liabilities	(45,266)	24,261
Prepaid expenses	(3,560)	(685)
Accounts payable and accrued liabilities	1,392	3,765
Deferred revenue	28,026	8,829
Cash provided (used) by operating activities	(112,161)	(14,247)
Investing activities:		
Issuance of notes receivable	(11,713)	825
Due to related parties	100,000	—
Acquisition of property, plant and equipment	(3,009)	(1,074)
Cash provided by investing activities	85,278	(249)
Decrease in cash	(26,883)	(14,496)
Cash, beginning of year	209,286	223,782
Cash, end of year	\$ 182,403	\$ 209,286

See accompanying notes to financial statements.

G.B. TOKANI INC.

Notes to Financial Statements
(Expressed in US Dollars)

Year ended December 31, 2023

1. Reporting entity:

G.B. Tokani Inc. (the "Company") was incorporated on October 2, 2003 in the state of Delaware.

The principal business of the Company is to sell and support franchises under the "GradePower Learning Centers" trademark. The address of the Company's registered office is 747 Hyde Park Road, Suite 230, London, Ontario, Canada.

All the common shares are held by Oxford Learning Centres, Inc.

2. Basis of preparation:

(a) Basis of accounting:

The books and records of the Company are maintained on the accrual basis in accordance with U.S. generally accepted accounting principles ("GAAP").

(b) Basis of measurement:

The financial statements have been prepared on the historical cost basis except for financial instruments held for trading or available for sale which are measured at fair value.

(c) Functional and presentation currency:

These financial statements are presented in United States dollars, which is the Company's functional currency.

(d) Use of estimates and judgments:

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant items subject to such estimates and assumptions include the useful life of intangible assets, allowances for credit losses, and income tax uncertainties.

G.B. TOKANI INC.

Notes to Financial Statements (continued)
(Expressed in US Dollars)

Year ended December 31, 2023

3. Significant accounting policies:

The accounting policies set out below have been applied consistently to all years presented in these financial statements:

(a) Cash and cash equivalents:

The Company considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

(b) Allowance for credit losses:

(Policy applicable as of January 1, 2023)

On January 1, 2023, the Company adopted a new accounting standard that requires the measurement of expected credit losses under Topic 326. Upon adoption, the Company recorded a \$15,097 increase in its allowance for credit losses and a \$15,097 decrease to retained earnings, net of tax, reflecting the cumulative effect on retained earnings in 2023

CECL requires estimated credit losses to be determined for the expected life of the asset, as compared to an incurred loss model which was in effect for periods prior to 2023. Accordingly, allowance for credit loss disclosures for 2023 are not necessarily comparable to prior periods

The Company records an allowance for credit losses (ACL) under Subtopic 326-20 Financial Instruments-Credit Losses – Measured at Amortized Cost for the current expected credit losses (CECL) inherent in its financial assets measured at amortized cost and contract assets. The ACL is a valuation account deducted from the amortized cost basis to present the net amount expected to be collected. The estimate of expected credit losses includes expected recoveries of amounts previously written off as well as amounts currently expected to be written off.

The estimate of expected credit losses is based on the Company's historical loss experience, adjusted for current and reasonable and supportable forecasts of economic conditions and other pertinent factors affecting the Company's customers such as known credit risk or industry trends. The allowance is estimated over the contractual term of the financial asset adjusted for expected prepayments. The Company does not have any off-balance sheet credit exposures.

Subsequent changes (favorable and unfavorable) in expected credit losses each period are recognized immediately in net income as a credit loss expense or a reversal of credit loss expense.

G.B. TOKANI INC.

Notes to Financial Statements (continued)
(Expressed in US Dollars)

Year ended December 31, 2023

3. Significant accounting policies (continued):

(b) Allowance for credit losses (continued):

Trade accounts receivable

The Company uses an aging schedule to estimate the ACL for trade accounts receivable. This method categorizes trade receivables into different groups based on industry and the number of days past due. Past-due status is measured based on the number of days since the payment due date. The trade receivables are evaluated individually for expected credit losses if they no longer share similar risk characteristics. The Company determines that the receivables no longer share similar risk characteristics if they are past due balances over 90 days and over a specified amount. The Company evaluates the collectability of trade accounts receivables with payments that are more than 90 days past due on an individual basis to determine if any are deemed uncollectible. Trade accounts receivable balances are deemed uncollectible and written off as a deduction from the allowance after all means of collection have been exhausted. See Note 5.

Note receivable

The Company determines the ACL for notes receivable using estimates of probability of customer default and loss given default applied to estimated exposure at default. When measuring expected credit losses, the Company considers customers' historical payment patterns, customers' credit ratings, and current and reasonable and supportable forecasts of economic conditions in estimating customers' probability of default, exposure at default and estimated loss given default. The Company collectively evaluates notes receivable with similar industry risk and credit risk characteristics. Additionally, the notes receivable are evaluated individually for expected credit losses if they no longer share similar risk characteristics. The Company evaluates the collectability of notes with payments that are more than 90 days past due on an individual basis to determine if any are deemed uncollectible. Notes are deemed uncollectible and written off against the ACL when all possible means of collection have been exhausted. See Note 10.

Contract assets

The Company determines the ACL for contract assets using estimates of probability of customer default associated with the associated franchise sale and loss given default percentages applied to estimated exposure at default. When measuring expected credit losses, the Company considers customers' historical payment patterns, customers' credit ratings, and current and reasonable and supportable forecasts of economic conditions in estimating customers' probability of default, exposure at default and estimated loss given default. Contract assets are written off against the allowance for credit losses when the associated franchise sale is deemed uncollectible. No ACL was recorded on contract assets as of December 31, 2023.

G.B. TOKANI INC.

Notes to Financial Statements (continued)
(Expressed in US Dollars)

Year ended December 31, 2023

3. Significant accounting policies (continued):

(b) Allowance for credit losses (continued):

(Policy applicable as of December 31, 2022)

The Company records probable incurred impairment losses of trade receivables, notes receivable and contract assets as a valuation account. The allowance for doubtful accounts includes an allowance for receivables that are evaluated individually for impairment and receivables evaluated collectively. The Company determines an asset is impaired when, based on current information and events, it is probable that the Company will be unable to recover amounts due according to original contractual terms.

Trade accounts receivable

The Company maintains an allowance for doubtful accounts for estimated losses inherent in its accounts receivable portfolio. In establishing the required allowance, management considers historical losses adjusted to take into account current market conditions and customers' financial condition, the amount of receivables in dispute, and the current receivables aging and current payment patterns. The Company reviews its allowance for doubtful accounts monthly. Past due balances over 90 days and over a specified amount are reviewed individually for collectability. All other balances are reviewed on a pooled basis by industry. Account balances are charged off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote. The Company does not have any off-balance-sheet credit exposure related to its customers.

Notes receivable

The allowance for doubtful accounts is the Company's best estimate of incurred credit losses in the Company's existing notes. The allowance is determined on an individual note basis if it is probable that the Company will not collect all principal and interest contractually due. Notes not evaluated individually for collectability are disaggregated by industry sector and allowance factors are applied. The Company considers customers' historical payment patterns, customers' credit ratings, and general and industry specific economic factors in determining customers' probability of default. The impairment is measured based on the present value of expected future cash flows discounted at the note's effective interest rate. The Company does not accrue interest when a note is considered impaired. When ultimate collectability of the principal balance of the impaired note is in doubt, all cash receipts on impaired notes are applied to reduce the principal amount of such notes until the principal has been recovered and are recognized as interest income thereafter. Impairment losses are charged against the allowance and increases in the allowance are charged to bad debt expense. Notes are written off against the allowance when all possible means of collection have been exhausted. See Note 10.

G.B. TOKANI INC.

Notes to Financial Statements (continued)
(Expressed in US Dollars)

Year ended December 31, 2023

3. Significant accounting policies (continued):

(b) Allowance for credit losses: (continued):

Contract assets

The Company evaluates its contract assets for collectability. Management considers historical losses adjusted to take into account current market conditions and the Company's customers' financial condition. The Company does not have probable incurred losses associated with contracts with customers for the year ended December 31, 2023.

(c) Trade accounts receivable:

Trade accounts receivable are recorded at the invoiced amount, net of an allowance for credit losses (allowance for doubtful accounts prior to 2023) and do not bear interest. Amounts collected on trade accounts receivable are included in net cash provided by operating activities in the consolidated statements of cash flows.

(d) Contract assets:

Contract assets primarily represent commission expenses paid to acquired certain franchise arrangements. Contract asset are amortized over the term of the franchise agreement acquired. Contract assets at December 31, 2023 are reported net of an ACL. The Company does not have impairment losses associated with contracts with customers for the year ended December 31, 2023.

(e) Notes receivable:

(Policy applicable as of January 1, 2023)

Notes receivable are recorded net of an ACL. Notes receivable relate to product financing arrangements that exceed one year and bear interest at a market rate based on the customer's credit quality and are recorded at amortized cost. Interest is recognized over the life of the note. The Company does not require collateral for the notes. The Company has not and does not intend to sell these receivables. Unearned income, which includes deferred fees net of deferred origination costs, is amortized to interest income over the life of the notes using the effective interest method. The Company includes accrued interest as part of the note receivable balance. Notes become past due based on how recently payments have been received compared to contractual due dates. The Company does not accrue interest when payment on a note is 90 days past due. Interest receipts on nonaccrual notes are applied to principal. Nonaccrual notes are restored to an accrual basis when principal and interest become current and a period of performance has been established in accordance with the contractual terms, typically six months.

G.B. TOKANI INC.

Notes to Financial Statements (continued)
(Expressed in US Dollars)

Year ended December 31, 2023

3. Significant accounting policies (continued):

(e) Notes receivable (continued):

(Policy applicable as of December 31, 2022)

Notes receivable relate to product financing arrangements that exceed one year and bear interest at a market rate based on the customer's credit quality and are recorded at face value. Interest is recognized over the life of the note. The Company does not require collateral for the notes. The Company has not and does not intend to sell these receivables.10 Unearned income, which includes deferred fees net of deferred origination costs, is amortized to interest income over the life of the notes using the effective-interest method. In addition, the Company does not accrue interest when a note is 90 days past due. Notes become past due based on how recently payments have been received compared to contractual due dates. Interest receipts on nonaccrual notes are applied to principal. The Company resumes accrual of interest when it is probable that the Company will collect the remaining principal and interest of an impaired note and a period of payment performance has been established in accordance with the contractual terms, typically six months.

(f) Inventories:

Inventories are stated at the lower-of-cost or market value using the First-In-First-Out inventory method, and consist of equipment and supplies.

(g) Revenue recognition:

The Company's revenues consist primarily of fees from franchised learnings centers operated by traditional franchisees, including the initial licensing fee and royalties based on a percentage of sales. Revenue also includes sales of education materials and curriculums to franchisees, as well as program sales from Company operated learning centers.

Royalty and service fees, and management information system fees are based on fixed monthly and/or a percentage of monthly sales are recognized as revenue on an accrual basis in the month earned.

Sales of education materials and curriculums to franchisees are recognized as revenue when control of the product is transferred to the customer. This is generally at the point in time when delivery has been completed. Therefore, there is only a single performance obligation. There are no obligations for returns or warranties.

Advertising contributions from franchisees are maintained in a separate fund and consolidated into the financial statements. Advertising contributions are reported as part of gross revenue, with the related spend being reported as an expenditure. This is because the amounts paid to the advertising fund are not for distinct goods or services that can be separated from the franchise right. Recognition of advertising revenue, which are based on a percentage of sales, occurs at the time of the related advertising expenditure being incurred.

G.B. TOKANI INC.

Notes to Financial Statements (continued)
(Expressed in US Dollars)

Year ended December 31, 2023

3. Significant accounting policies (continued):

(h) Deferred revenue:

Initial fees from franchises for new learning centers, as well as fees for amended or transferred franchise terms have a single performance obligation of providing franchise license support. Revenue is recognized as the Company satisfies the performance obligation over the franchise term, which is generally 10 years. Any non-refundable franchisee deposits are recognized at the time of termination of the franchise agreement.

(i) Property, plant and equipment:

Property, plant and equipment is measured at cost less accumulated depreciation and accumulated impairment losses. Costs include all expenditures directly related to the acquisition of the asset. Depreciation is based on the cost of an asset less its residual value. Depreciation is provided for using the following method and annual rates:

Computer equipment	Straight-line	3 years
Furniture and fixtures	Straight-line	5 years

During the pre-operating period, these assets are reported as not in use, with no depreciation until such a time as the assets are available or ready for use.

Depreciation methods, useful lives and residual values are reviewed upon changes in circumstances and adjusted, if appropriate.

(j) Intangible assets:

Limited life intangible assets, such as franchise agreements, are stated at cost less accumulated amortization. Amortization is based on the estimated useful life of the assets and is calculated as follows:

Franchise agreements	Straight-line	8 years
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Intangible assets still in development are not amortized until the assets are available or ready for use.

Amortization methods, useful lives and residual values are reviewed upon changes in circumstances and adjusted, if appropriate.

G.B. TOKANI INC.

Notes to Financial Statements (continued)
(Expressed in US Dollars)

Year ended December 31, 2023

3. Significant accounting policies (continued):

(k) Financial instruments:

The Company uses valuation approaches that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible. The Company determines fair value based on assumptions that market participants would use in pricing an asset or liability in the principal or most advantageous market. When considering market participant assumptions in fair value measurements, the following fair value hierarchy distinguishes between observable and unobservable inputs, which are categorized in one of the following levels (see Note 12):

Level 1 Unadjusted quoted prices in active markets for identical assets or liabilities accessible to the reporting entity at the measurement date.

Level 2 Other than quoted prices included in Level 1 inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability.

Level 3 Unobservable inputs for the asset or liability used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at measurement date.

(l) Commitments and contingencies:

Liabilities for loss contingencies arising from claims, assessments, litigation, fines, and penalties and other sources are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated. Legal costs incurred in connection with loss contingencies are expensed as incurred.

(m) 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. The Company recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. Recognized income tax positions are measured at the largest amount that is greater than 50% likely of being realized. Changes in recognition or measurement are reflected in the period in which the change in judgement occurs.

The Company records interest related to unrecognized tax benefits in interest expense and penalties in selling, general, and administrative expenses.

G.B. TOKANI INC.

Notes to Financial Statements (continued)
(Expressed in US Dollars)

Year ended December 31, 2023

3. Significant accounting policies (continued):

(n) Long-lived assets:

Long-lived assets, such as property, plant, and equipment and intangible assets, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If circumstances require a long-lived asset or asset group be tested for possible impairment, the Company first compares undiscounted cash flows expected to be generated by that asset or asset group to its carrying amount. If the carrying amount of the long-lived asset or asset group is not recoverable on an undiscounted cash flow basis, an impairment is recognized to the extent that the carrying amount exceeds its fair value. Fair value is determined using various valuation techniques including discounted cash flow models, quoted market values and third-party independent appraisals, as considered necessary. No impairment losses were recognized in the years ended December 31, 2023 and 2022.

(o) Newly adopted accounting pronouncements:

The Company has adopted several new or amended standards effective January 1, 2023

ASU 2016-13—Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, as amended by 2019-10

In June 2016, the FASB issued ASU 2016-13, Financial Instruments – Credit Losses: Measurement of Credit Losses on Financial Instruments, which requires a financial asset (or a group of financial assets) measured at amortized cost to be presented at the net amount expected to be collected. The ASU is intended to improve financial reporting by requiring earlier recognition of credit losses on certain financial assets including trade and financing receivables. The ASU replaces the current incurred loss impairment model that recognizes losses when a probable threshold is met with a requirement to recognize lifetime expected credit losses immediately when a financial asset is originated or purchased. Additionally, from 2016 through 2023, the FASB issued additional related ASUs that provide further guidance and clarification and become effective for the Company upon the adoption of ASU 2016-13.

The Company adopted ASU 2016-13 and its related ASUs (collectively referred to as Topic 326) effective January 1, 2023 using a modified retrospective transition approach. As a result, the Company was not required to adjust its comparative period financial information for effects of the standard or make the new required credit loss allowance disclosures for periods before the date of adoption. Prior period amounts continue to be presented in accordance with previously applicable GAAP. The Company recorded a cumulative effect adjustment of \$15,097 in retained earnings, net of taxes as of the effective date. The effect of the adoption on the Company's balance sheet was an increase to the allowance for credit losses of \$nil , \$15,097, and \$nil in respect of trade accounts receivable, notes receivable and contract assets, respectively, and an increase in deferred tax assets of \$nil.

G.B. TOKANI INC.

Notes to Financial Statements (continued)
(Expressed in US Dollars)

Year ended December 31, 2023

3. Significant accounting policies (continued):

(o) Newly adopted accounting pronouncements (continued):

In September 2022, the FASB issued ASU 2022-04, Liabilities—Supplier Finance Programs (Subtopic 405-50): Disclosure of Supplier Finance Program Obligations. The ASU requires a buyer of goods and services to disclose information about its supplier finance program obligations. This ASU is effective for annual and interim periods in fiscal years beginning after December 15, 2022, and is applied retrospectively, except for the rollforward disclosure, which is effective for annual and interim periods in fiscal years beginning after December 15, 2023, and annual periods thereafter, and is applied prospectively. The Company early adopted the ASU, but there was no impact to the financial statements.

(p) Recently issued accounting standards:

In August 2020, the FASB issued ASU 2020-06, Debt—Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging—Contracts in Entity's Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity's Own Equity. ASU 2020-06 reduces the number of accounting models for convertible instruments and allows more contracts to qualify for equity classification. ASU 2020-06 is effective for the Company's annual reporting periods beginning after December 15, 2023. Adoption is either with a modified retrospective method or a fully retrospective method of transition. Early adoption is permitted, but no earlier than annual periods beginning after December 15, 2020. The Company is currently evaluating the effect that adoption of ASU 2020-06 will have on its financial statements.

In October 2021, the FASB issued ASU 2021-08, Business Combinations (Topic 805): Accounting for Contract Assets and Contract Liabilities from Contracts with Customers, which provides an exception to fair value measurement for contract assets and contract liabilities related to revenue contracts acquired in a business combination. The ASU requires an entity (acquirer) to recognize and measure contract assets and contract liabilities acquired in a business combination in accordance with Topic 606. At the acquisition date, an acquirer should account for the related revenue contracts in accordance with Topic 606 as if it had originated the contracts. The ASU is effective for the Company for annual and interim periods in fiscal years beginning after December 15, 2023. Early adoption is permitted. The ASU is applied to business combinations occurring on or after the effective date.

In December 2023, the FASB issued ASU 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures. The ASU requires the annual financial statements to include consistent categories and greater disaggregation of information in the rate reconciliation, and income taxes paid disaggregated by jurisdiction. ASU 2023-09 is effective for the Company's annual reporting periods beginning after December 15, 2025. Adoption is either with a prospective method or a fully retrospective method of transition. Early adoption is permitted. The Company is currently evaluating the effect that adoption of ASU 2023-09 will have on its consolidated financial statements.

G.B. TOKANI INC.

Notes to Financial Statements (continued)
(Expressed in US Dollars)

Year ended December 31, 2023

3. Significant accounting policies (continued):

(p) Recently issued accounting standards (continued):

In June 2022, the FASB issued ASU 2022-03, Fair Value Measurement (Topic 820): Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions. The ASU clarifies that a contractual restriction on the sale of an equity security should not be considered in measuring the fair value of the equity security, and also cannot be recognized as a separate unit of account. The ASU also requires the investor to disclose the fair value of equity securities subject to contractual sale restrictions, the nature and remaining duration of the restriction(s), and the circumstances that could cause a lapse in the restriction(s). The ASU is effective for the Company for annual and interim periods beginning after December 15, 2024. Early adoption is permitted. The Company does not expect the adoption of ASU 2022-03 to have a material effect on its consolidated financial statements.

In March 2023, the FASB issued ASU 2023-01, Leases (Topic 842): Common Control Arrangements. The ASU provides a practical expedient for private companies and not-for-profit entities to use the written terms and conditions of a common control arrangement to determine whether a lease exists and, if so, the classification of and accounting for that lease. The ASU also clarifies the accounting for and transfer of leasehold improvements associated with common control leases, thereby reducing diversity in practice. The amendments in this ASU affect all lessees that are a party to a lease between entities under common control in which there are leasehold improvements. The ASU is effective for fiscal years beginning after December 15, 2023, including interim periods within those fiscal years. Early adoption is permitted. The practical expedient may be applied on an arrangement-by arrangement basis. The Company does not expect the adoption of ASU 2023-01 to have a material effect on its consolidated financial statements.

In October 2023, the FASB issued ASU 2023-06, Disclosure Improvements – Codification Amendments in Response to the SEC's Disclosure Update and Simplification Initiative. The ASU modifies the disclosure or presentation requirements of a variety of Topics in the Codification to align with the SEC's regulations. The ASU also makes those requirements applicable to entities that were not previously subject to the SEC's requirements. The ASU is effective for the Company two years after the effective date to remove the related disclosure from Regulation S-X or S-K. As of the date these financial statements have been made available for issuance, the SEC has not yet removed any related disclosure. The Company does not expect the adoption of ASU 2023-06 to have a material effect on its consolidated financial statements.

G.B. TOKANI INC.

Notes to Financial Statements (continued)
(Expressed in US Dollars)

Year ended December 31, 2023

4. Cash:

As at December 31, 2023, the Company has \$50,000 in restricted cash with the bank. The cash is held in an account separate of the operating funds and is required by the bank as assurance against any payments from franchisees that must be returned as a result of non-sufficient funds.

5. Accounts receivable:

The Company recorded a \$nil increase in its allowance for credit losses and a \$nil decrease to retained earnings, net of tax, reflecting the cumulative effect on retained earnings of adopting Topic 326, in 2023

The following is a summary of the changes in the allowance for credit losses for the year ended December 31, 2023 (allowance for doubtful accounts in 2022):

	2023
Balance at January 1, 2023	\$ 28,456
Adjustment for adoption of Topic 326	—
Write-offs	(5,894)
Recoveries	—
Provision for credit losses	—
	\$ 22,562

Following the adoption of Topic 326, the decrease in the allowance for credit losses for trade accounts receivable is primarily attributable to write-off of past-due trade accounts receivable.

6. Advertising fund:

The Company collects funds from franchisees for the purpose of maintaining a joint advertising program (the “Advertising Fund”). This program is operated on a cost recovery basis. The gross asset and liability reflected on the Balance Sheet relate to the cash that the Company manages on behalf of the franchisees and the corresponding obligation the Company has to each of the franchisees for the cash.

Contributions for Advertising have been recognized as gross revenue and expenditures for the period under Topic ASC 606 Revenue from Contracts with Customers. The advertising fund cash and receivables continue to represent contributions received that have not been spent on advertising expenditure. As of December 31, 2023, these were \$145,233.

Advertising fund liabilities relate to outstanding obligations of the fund. As at December 31, 2023, these were \$34,843.

G.B. TOKANI INC.

Notes to Financial Statements (continued)
(Expressed in US Dollars)

Year ended December 31, 2023

7. Intangible assets:

Acquired intangible assets.

			2023	2022
	Cost	Accumulated amortization	Net book value	Net book value
Franchise agreement	\$ 100,000	\$ 94,050	\$ 5,950	\$ 18,550

On June 28, 2016, the Company purchased substantially all of the assets of the business of GradePower Learning Franchises (the "Business") from Oxford Group International, LLC for \$100,000 cash. The purchased assets consisted primarily of existing contracts and franchise agreements and all trademarks, licenses, permits, approvals, consents, registrations, certificates, and other authorizations relating to the Business.

The \$100,000 purchase price was allocated to franchise agreements intangible asset.

This transaction is considered a related party transaction as the Company's sole shareholder G.B. Tokani Canada Enterprises, Inc. was a 50% member of the seller, Oxford Group International, LLC.

Amortization for the period amounted to \$12,600 (2022 - \$12,600).

8. Accounts payable and accrued liabilities:

	2023	2022
Trade payables	\$ 116,344	\$ 114,919
State and local taxes	5,617	5,650
	\$ 121,961	\$ 120,569

9. Related party transactions:

Included in accounts payable and accrued liabilities is \$38,364 (2022- \$48,159) due to parties related by common control.

Due to related parties includes \$100,000 due to 2734665 Ontario Inc. The balance due to 2734665 Ontario Inc. is non-interest bearing with no fixed repayment terms, due on demand.

G.B. TOKANI INC.

Notes to Financial Statements (continued)
(Expressed in US Dollars)

Year ended December 31, 2023

10. Notes receivable:

Upon adoption of Topic 326, the Company recorded a \$15,097 increase in its allowance for credit losses, a \$nil increase in deferred tax assets, and a \$15,097 decrease to retained earnings, net of tax, reflecting the cumulative effect on retained earnings in 2023. CECL requires estimated credit losses to be determined based on the expected life of the asset, as compared to an incurred loss model, which was in effect for periods prior to 2023. Accordingly, ACL disclosures prior to 2023 are not necessarily comparable to prior periods.

The following is a summary of the changes in the allowance for credit losses for the year ended December 31, 2023 (allowance for doubtful accounts in 2022):

	2023
Balance at January 1, 2023	\$ 67,141
Adjustment for adoption of Topic 326	15,097
Write-offs	—
Recoveries	—
Provision for credit losses	—
	\$ 82,238

Following the adoption of Topic 326, the additional increase in the allowance for credit losses was primarily attributable to an increase customer credit risk and decreased forecast of economic conditions. There were no modifications of notes receivable to borrowers experiencing financial difficulty during 2023.

Interest income recognized on impaired notes receivable, which is recorded on a cash basis, was \$900 during 2023. There were no notes receivable more than 90 days past due and still accruing as of December 31, 2023.

G.B. TOKANI INC.

Notes to Financial Statements (continued)
(Expressed in US Dollars)

Year ended December 31, 2023

10. Notes receivable (continued):

	2023	2022
Promissory note receivable, repayable in equal monthly payments of \$1,989, bearing interest at 3% per annum commencing December 31, 2018, matured December 31, 2022 - Mansfield	\$ 65,866	\$ 65,866
Promissory note receivable, repayable in equal monthly payments of \$1,582, bearing interest at 3% per annum commencing January 31, 2020, matured December 31, 2022 – Cedar Park	63,978	63,978
Promissory note receivable, repayable in equal monthly payments of \$500, bearing interest at 5% per annum commencing June 30, 2023, maturing January 10, 2026 - Nocatee	11,713	—
Less allowance for credit losses	(82,238)	(67,141)
Less current portion of loans receivable	(58,319)	(62,703)
	\$ —	\$ —

11. Income taxes:

(a) Tax rate reconciliation:

Income tax recovery differed from the amounts computed by applying the U.S. federal income tax rate of 21% (2022 - 21%) to pretax income as a result of the following:

	2023	2022
Computed “expected” tax expense (recovery)	\$ (14,247)	\$ (9,480)
Change in income tax expense resulting from:		
Change in deferred tax valuation allowance	14,247	9,480
Reduction in income tax resulting from:		
Receipt of state tax refund	—	(829)
Increase in income tax resulting from:		
Current sales state tax	1,000	1,000
	\$ 1,000	\$ 171

G.B. TOKANI INC.

Notes to Financial Statements (continued)
(Expressed in US Dollars)

Year ended December 31, 2023

11. Income taxes (continued):

(b) Significant components of deferred taxes:

The temporary differences that give rise to significant portions of the deferred tax assets at December 31, 2023 and December 31, 2022 are related to net operating loss carryforwards.

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities (including the impact of available carryback and carryforward periods), projected future taxable income, and tax-planning strategies in making this assessment. In order to fully realize the deferred tax assets, the Company will need to generate future taxable income of approximately \$985,137 prior to the expiration of the net operating loss carryforwards. Based upon the level of historical taxable income and projections for future taxable income over the periods in which the deferred tax assets are deductible, management believes it is not more likely than not that the Company will realize the benefits of these deductible differences.

At December 31, 2023, the Company has net operating loss carryforwards for Federal income tax purposes and State income tax purposes of \$985,137 (2022 - \$919,316) which are available to offset future Federal taxable income and State taxable income, if any, through 2034, with expirations commencing in 2026.

12. Financial risk management:

The Company's financial instruments include the following:

December 31, 2023	Level	Fair Value	Carrying Value
Cash		\$ 182,403	\$ 182,403
Accounts receivable	2	75,186	75,186
Notes receivable	2	59,319	59,319
Accounts payable and accrued liabilities	2	121,961	121,961

December 31, 2022	Level	Fair Value	Carrying Value
Cash		\$ 209,286	\$ 209,286
Accounts receivable	2	51,604	51,604
Notes receivable	2	62,703	62,703
Accounts payable and accrued liabilities	2	120,569	120,569

G.B. TOKANI INC.

Notes to Financial Statements (continued)
(Expressed in US Dollars)

Year ended December 31, 2023

13. Share capital

(a) Common stock:

Holders of common stock (100 shares at \$0.001 par value) are entitled to one vote per share, to receive dividends, and to receive all assets available for distribution to stockholders upon liquidation or dissolution. The holders have no preemptive or other subscription rights, and there are no redemption provisions with respect to such shares.

(b) Class B special shares:

Authorized capital stock includes Class B Special Shares (2,500 shares at \$100 par value). These are non-voting preferred shares that can be redeemed at the par value at the option of the Company, or the holder. Preferred shares are entitled to a non-cumulative discretionary dividend up to 3% of the redemption value.

14. Significant risks and uncertainties including business and credit concentrations:

Revenues are generated solely through licensing and supporting of franchises in the education and tutoring services industry. Franchises are located throughout the United States.

Franchise sales are significantly affected by changes in government policy and technological advancement. Increased funding for public schools may reduce the demand for private tutoring services. Further, the rise of online learning platforms and digital resources can impact traditional education service providers. The Company has been successful in adapting to technological advancements.

The Company is exposed to credit risk in its cash, accounts receivable and notes receivable. The Company minimizes the credit risk of balances with banks by depositing with or transacting with reputable financial institutions in the United States. The Company minimizes its credit risk of its accounts receivable and notes receivables by routinely reviewing the status of individual accounts receivable balances and contacting customers who have overdue balances.

No single customer accounted for more than 20% of the Company's sales in 2023 or 2022 or accounts receivable at December 31, 2023 or 2022.

At December 31, 2023, the Company had \$129,844 of notes receivable due from two customers that are believed to be highly leveraged.

15. Subsequent events:

The Company has evaluated subsequent events from the balance sheet date through March 4, 2024 the date at which the financial statements were available to be issued, and determined there are no other items to disclose.

Financial Statements of

G.B. TOKANI INC.

And Independent Auditor's Report thereon

Year ended December 31, 2022
(Expressed in US Dollars)



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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of G.B. Tokani Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of G.B Tokani Inc. (the Company), which comprise the balance sheet as of December 31, 2022, and the related statements of earnings and deficit, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022, and the results of its operations and its cash flows for the year then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. generally accepted accounting principles, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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



Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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



Page 3

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

KPMG LLP

Kitchener, Canada

March 14, 2023

G.B. TOKANI INC.

Balance Sheet
(Expressed in US Dollars)

December 31, 2022, with comparative information for 2021

	2022	2021
Assets		
Current assets:		
Cash (note 4)	\$ 209,286	\$ 223,782
Advertising fund cash and receivables (note 7)	65,484	97,233
Accounts receivable	51,604	42,797
Current portion of notes receivable (note 9)	62,703	63,528
Prepaid expenses	20,618	19,933
Inventory	2,332	2,332
Current contract asset	2,775	1,500
	414,802	451,105
Property, plant and equipment	1,014	—
Long-term contract asset	17,763	8,000
Intangible assets-franchise agreements (note 6)	18,550	31,150
	\$ 452,129	\$ 490,255

Liabilities and Shareholder's Equity

Current liabilities:		
Accounts payable and accrued liabilities (note 8)	\$ 120,569	\$ 116,804
Deferred revenue	127,227	118,398
Advertising fund liabilities	360	7,848
	248,156	243,050
Shareholder's equity:		
Share capital:		
Authorized:		
Unlimited number of common shares - voting		
Unlimited number of non-voting Class B		
special shares		
Issued and outstanding:		
Class B special shares	250,000	250,000
Deficit	(46,027)	(2,795)
	203,973	247,205
	\$ 452,129	\$ 490,255

See accompanying notes to financial statements.

On behalf of the Board:

_____ Director

G.B. TOKANI INC.

Statement of Earnings and Deficit (Expressed in US Dollars)

Year ended December 31, 2022, with comparative information for 2021

	2022	2021
Revenue:		
Royalty revenue	\$ 557,444	\$ 558,823
Franchise fees	16,665	16,100
Curriculum sales	48,618	52,458
Education materials	58,749	48,520
Advertising fund revenue	320,283	342,363
Other	1,765	1,620
	1,003,524	1,019,884
Expense:		
License fees	432,310	413,392
Salaries, wages and benefits	63,802	60,777
Material costs	17,207	28,231
Professional fees	59,998	55,922
General and administrative	87,673	44,753
Amortization and depreciation	12,660	12,600
Advertising and promotion	828	2,400
Advertising fund expenditures	344,752	302,733
Interest and bank charges	4,351	5,748
Insurance	23,004	22,354
	1,046,585	948,910
Income (loss) before income taxes	(43,061)	70,974
Current income tax expense (note 10)	171	6,409
Net income (loss)	(43,232)	64,565
Deficit, beginning of year	(2,795)	(67,360)
Deficit, end of year	\$ (46,027)	\$ (2,795)

See accompanying notes to financial statements.

G.B. TOKANI INC.

Statement of Cash Flows (Expressed in US Dollars)

December 31, 2022, with comparative information for 2021

	2022	2021
Cash provided by (used in):		
Operating activities:		
Net income (loss)	\$ (43,232)	\$ 64,565
Items not involving cash:		
Amortization and depreciation	12,660	12,600
Net change in non-cash operating working capital:		
Accounts receivable	(8,807)	52
Inventory	–	2,752
Contract asset	(11,038)	1,500
Advertising Fund assets and liabilities	24,261	(39,629)
Prepaid expenses	(685)	(4,605)
Accounts payable and accrued liabilities	3,765	20,058
Deferred revenue	8,829	(35,259)
Cash provided (used) by operating activities	(14,247)	22,034
Investing activities:		
Receipt of payment on notes receivable	825	450
Acquisition of property, plant and equipment	(1,074)	–
Cash provided by investing activities	(249)	450
Increase (decrease) in cash	(14,496)	22,484
Cash, beginning of year	223,782	201,298
Cash, end of year	\$ 209,286	\$ 223,782

See accompanying notes to financial statements.

G.B. TOKANI INC.

Notes to Financial Statements
(Expressed in US Dollars)

Year ended December 31, 2022

1. Reporting entity:

G.B. Tokani Inc. (the "Company") was incorporated on October 2, 2003 in the state of Delaware.

The principal business of the Company is to sell and support franchises under the "GradePower Learning Centers" trademark. The address of the Company's registered office is 747 Hyde Park Road, Suite 230, London, Ontario, Canada.

All the common shares are held by Oxford Learning Centres, Inc.

2 Basis of preparation:

(a) Basis of accounting:

The books and records of the Company are maintained on the accrual basis in accordance with U.S. generally accepted accounting principles ("GAAP").

(b) Basis of measurement:

The financial statements have been prepared on the historical cost basis except for financial instruments held for trading or available for sale which are measured at fair value.

(c) Functional and presentation currency:

These financial statements are presented in United States dollars, which is the Company's functional currency.

(d) Use of estimates and judgments:

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant items subject to such estimates and assumptions include the useful life of intangible assets and deferred tax assets and income tax uncertainties.

G.B. TOKANI INC.

Notes to Financial Statements (continued)
(Expressed in US Dollars)

Year ended December 31, 2022

3. Significant accounting policies:

The accounting policies set out below have been applied consistently to all years presented in these financial statements:

(a) Cash and cash equivalents:

The Company considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

(b) Trade accounts receivable:

Trade accounts receivable are recorded at the invoiced amount and do not bear interest. Amounts collected on trade accounts receivable are included in net cash provided by operating activities in the Statement of Cash Flows. The Company maintains an allowance for doubtful accounts for estimated losses inherent in its accounts receivable portfolio. In establishing the required allowance, management considers historical losses adjusted to take into account current market conditions and customers' financial condition, the amount of receivables in dispute, and the current receivables aging and current payment patterns. The Company reviews its allowance for doubtful accounts periodically. A provision of \$9,076 was recorded during the year (2021 - \$1,696). The Company does not have any off-balance sheet credit exposure related to its customers.

(c) Financial instruments:

For assets and liabilities measured at fair value, such amounts are based on an expected exit price representing the amount that would be received on the sale of an asset or paid to transfer a liability, as the case may be, in an orderly transaction between market participants. As such, fair value may be based on assumptions that market participants would use in pricing an asset or liability. The authoritative guidance on fair value measurements establishes a consistent framework for measuring fair value on either a recurring or nonrecurring basis whereby inputs used in valuation techniques are assigned a hierarchical level. The following methods were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value:

Level 1 Quoted prices in active markets for identical assets or liabilities.

Level 2 Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets with insufficient volume or infrequent transactions (less active markets); or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 Unobservable inputs to the valuation methodology that are significant to the measurement of fair value of assets or liabilities.

G.B. TOKANI INC.

Notes to Financial Statements (continued)
(Expressed in US Dollars)

Year ended December 31, 2022

3. Significant accounting policies (continued):

(d) Property, plant and equipment:

Property, plant and equipment is measured at cost less accumulated depreciation and accumulated impairment losses. Costs include all expenditures directly related to the acquisition of the asset. Depreciation is based on the cost of an asset less its residual value. Depreciation is provided for using the following method and annual rates:

Computer equipment	Straight-line	3 years
Furniture and fixtures	Straight-line	5 years

During the pre-operating period, these assets are reported as not in use, with no depreciation until such a time as the assets are available or ready for use.

Depreciation methods, useful lives and residual values are reviewed upon changes in circumstances and adjusted, if appropriate.

(e) Intangible assets:

Limited life intangible assets, such as franchise agreements, are stated at cost less accumulated amortization. Amortization is based on the estimated useful life of the assets and is calculated as follows:

Franchise agreements	Straight-line	8 years
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Intangible assets still in development are not amortized until the assets are available or ready for use.

Amortization methods, useful lives and residual values are reviewed upon changes in circumstances and adjusted, if appropriate.

(f) Revenue recognition:

The Company's revenues consist primarily of fees from franchised learnings centers operated by traditional franchisees, including the initial licensing fee and royalties based on a percentage of sales. Revenue also includes sales of education materials and curriculums to franchisees, as well as program sales from Company operated learning centers.

G.B. TOKANI INC.

Notes to Financial Statements (continued)
(Expressed in US Dollars)

Year ended December 31, 2022

3. Significant accounting policies (continued):

(f) Revenue recognition (continued):

Contract assets are recognized for the directly related commission expense paid to acquire certain franchise arrangements. Contract asset are amortized over the term of the franchise agreement acquired.

Royalty and service fees, and management information system fees are based on fixed monthly and/or a percentage of monthly sales are recognized as revenue on an accrual basis in the month earned.

Sales of education materials and curriculums to franchisees are recognized are revenue when control of the product is transferred to the customer. This is generally at the point in time when delivery has been completed. Therefore, there is only a single performance obligation. There are no obligations for returns or warranties.

Advertising contributions from franchisees are maintained in a separate fund and consolidated into the financial statements. Advertising contributions are reported as part of gross revenue, with the related spend being reported as an expenditure. This is because the amounts paid to the advertising fund are not for distinct goods or services that can be separated from the franchise right. Recognition of advertising revenue, which are based on a percentage of sales, occurs at the time of the related advertising expenditure being incurred.

(g) Inventories:

Inventories are stated at the lower-of-cost or market value using the First-In-First-Out inventory method, and consist of equipment and supplies.

(h) 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. The Company recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. Recognized income tax positions are measured at the largest amount that is greater than 50% likely of being realized. Changes in recognition or measurement are reflected in the period in which the change in judgement occurs.

G.B. TOKANI INC.

Notes to Financial Statements (continued)
(Expressed in US Dollars)

Year ended December 31, 2022

3. Significant accounting policies (continued):

(i) Long-lived assets:

Long-lived assets, such as intangible assets, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If circumstances require a long-lived asset or asset group be tested for possible impairment, the Company first compares undiscounted cash flows expected to be generated by that asset or asset group to its carrying amount. If the carrying amount of the long-lived asset or asset group is not recoverable on an undiscounted cash flow basis, an impairment is recognized to the extent that the carrying amount exceeds its fair value. Fair value is determined using various valuation techniques including discounted cash flow models, quoted market values and third-party independent appraisals, as considered necessary. No impairment losses were recognized in the year ended December 31, 2022.

(j) Deferred revenue:

Initial fees from franchises for new learning centers, as well as fees for amended or transferred franchise terms have a single performance obligation of providing franchise license support. Revenue is recognized as the Company satisfies the performance obligation over the franchise term, which is generally 10 years. Any non-refundable franchisee deposits are recognized at the time of termination of the franchise agreement.

(k) Commitments and contingencies:

Liabilities for loss contingencies arising from claims, assessments, litigation, fines, and penalties and other sources are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated. Legal costs incurred in connection with loss contingencies are expensed as incurred.

(l) Newly adopted accounting pronouncements:

The Company has adopted several new or amended standards effective January 1, 2022

ASU 2019-12—Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes

In December 2019, the FASB issued ASU 2019-12, Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes ("ASU 2019-12"). ASU 2019-12 removes certain exceptions for recognizing deferred taxes for investments and calculating income taxes in interim periods. Additionally, the standard adds guidance to reduce complexity in certain areas, including recognizing taxes for tax goodwill and allocating taxes to members of a group. ASU 2019-12 is effective for annual periods beginning after December 15, 2021 on a prospective basis. The Company adopted ASU 2019-12 on January 1, 2022 with no material impact to its financial statements upon adoption.

G.B. TOKANI INC.

Notes to Financial Statements (continued)
(Expressed in US Dollars)

Year ended December 31, 2022

3. Significant accounting policies (continued):

(I) Newly adopted accounting pronouncements (continued):

ASU 2020-01 Investments—Equity Securities (Topic 321),

In January 2020, the FASB issued ASU 2020-01 "Investments-Equity Securities (Topic 321), Investments-Equity Method and Joint Ventures (Topic 323), and Derivatives and Hedging (Topic 815)-Clarifying the Interactions between Topic 321, Topic 323, and Topic 815" ("ASU 2020-01"). ASU 2020-01 clarifies that a company should consider observable transactions that require a company to either apply or discontinue the equity method of accounting under Topic 323, Investments-Equity Method and Joint Ventures, for the purposes of applying the measurement alternative in accordance with Topic 321 immediately before applying or upon discontinuing the equity method. Additionally, it clarifies that, when determining the accounting for certain forward contracts and purchased options a company should not consider, whether upon settlement or exercise, if the underlying securities would be accounted for under the equity method or fair value option. The Company adopted ASU 2020-01 on January 1, 2022 with no impact to its financial statements upon adoption.

ASU 2020-08—Codification Improvements to Subtopic 310-20, Receivables - Nonrefundable Fees and Other Costs

This ASU states that an entity should reevaluate whether a callable debt security is within the scope of the Accounting Standards Codification (ASC) for each reporting period. The amendments stated in this ASU are intended to make ASC 310-20 easier to understand and apply. This ASU is effective for fiscal years beginning after December 15, 2021. The Company adopted ASU 2020-08 on January 1, 2022 with no impact to its financial statements upon adoption.

ASU 2020-10—Codification Improvements

This ASU is intended to conform, clarify, simplify, and/or provide technical corrections to a wide variety of codification topics, including moving certain presentation and disclosure guidance to the appropriate codification section. This ASU is effective for fiscal years beginning after December 15, 2021. The amendments should be applied retrospectively and at the beginning of the period that includes the adoption date. The Company adopted ASU 2020-10 on January 1, 2022 with no impact to its financial statements upon adoption.

ASU 2021-10—Government Assistance

In November 2021, the FASB issued ASU 2021-10. This ASU requires disclosures for material government assistance transactions during annual reporting periods. The disclosures include information about the nature of the transaction, the related accounting policies used to account for the government assistance, the effect of government assistance on the entity's financial statements, and any significant terms and conditions. The Company adopted ASU 2021-10 on January 1, 2022 with no impact to its financial statements upon adoption.

G.B. TOKANI INC.

Notes to Financial Statements (continued)
(Expressed in US Dollars)

Year ended December 31, 2022

3. Significant accounting policies (continued):

(l) Newly adopted accounting pronouncements (continued):

ASU 2021-04—Earnings Per Share (Topic 260), Debt— Modifications and Extinguishments (Subtopic 470-50), Compensation—Stock Compensation (Topic 718), and Derivatives and Hedging— Contracts in Entity's Own Equity (Subtopic 815-40): Issuer's Accounting for Certain Modifications or Exchanges of Freestanding Equity-Classified Written Call Options

On April 2021, the FASB issued ASU 2021-04 to clarify the accounting by issuers for modifications or exchanges of equity-classified warrants. The new ASU is available here and effective for all entities in fiscal years starting after December 15, 2021. The Company adopted ASU 2021-04 on January 1, 2022 with no impact to its financial statements upon adoption.

ASU 2021-07— Stock Compensation (Topic 718): Stock Compensation

On July 2021, the FASB issued ASU 2021-07, to address the concerns from stakeholders about the cost and complexity of determining the fair value of equity-classified share-based awards for private companies. It specifically permits private companies to use 409A valuations prepared under US Treasury regulations to estimate the fair value of certain awards under ASC 718. The Update is effective for private companies in fiscal years starting after December 15, 2021. The Company adopted ASU 2021-07 on January 1, 2022 with no impact to its financial statements upon adoption.

(m) Recently issued accounting pronouncements:

A number of new standards are effective for annual periods beginning after January 1, 2023 and earlier application is permitted; however, the Company has not early adopted the new or amended standards in preparing these financial statements.

ASU 2016-13—Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, as amended by 2019-10

In June 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standard Update No. 2016-13, Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments (ASU 2016-13), which requires the measurement and recognition of expected credit losses for financial assets held at amortized cost. ASU 2016-13 replaces the existing incurred loss impairment model with a forward-looking expected credit loss model which will result in earlier recognition of credit losses. Codification improvements were issued through 2018-19, 2019-4, 2019-5, 2019-11 and 2020-03 which are to be adopted concurrently with ASU 2016-13. For non-listed entities, the amendment date was postponed and are effective for fiscal years beginning after December 15, 2022. The Company is currently evaluating the impact the adoption of ASU 2016-13 will have on its financial statements.

G.B. TOKANI INC.

Notes to Financial Statements (continued)
(Expressed in US Dollars)

Year ended December 31, 2022

3. Significant accounting policies (continued):

(m) Recently issued accounting pronouncements:

ASU 2017-04—Intangibles—Goodwill and Other - Simplifying the Test for Goodwill Impairment

In January 2017, the FASB issued ASU 2017-04 which simplifies the accounting for goodwill impairments by eliminating the requirement to compare the implied fair value of goodwill with its carrying amount as part of step two of the goodwill impairment test referenced in Accounting Standards Codification (“ASC”) 350, Intangibles - Goodwill and Other (“ASC 350”). As a result, an entity should perform its annual, or interim, goodwill impairment test by comparing the fair value of a reporting unit with its carrying amount. An impairment charge should be recognized for the amount by which the carrying amount exceeds the reporting unit’s fair value. However, the impairment loss recognized should not exceed the total amount of goodwill allocated to that reporting unit. ASU 2017-04 is effective for annual reporting periods beginning after December 15, 2023. The Company is currently evaluating the impact the adoption of ASU 2016-13 will have on its financial statements.

ASU 2020-06—Debt—Debt with Conversion and Other Options

The update simplifies the accounting for convertible debt instruments and convertible preferred stock by reducing the number of accounting models and limiting the number of embedded conversion features separately recognized from the primary contract. The guidance also includes targeted improvements to the disclosures for convertible instruments and earnings per share. ASU 2020-06 takes effect for private companies for fiscal years beginning after Dec. 15, 2023. The Company is currently evaluating the impact the adoption of ASU 2020-06 will have on its financial statements.

ASU 2022-03—Fair Value Measurement

On June 30, 2022, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2022-03, “Fair Value Measurement (Topic 820): Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions,” which clarifies how the fair value of equity securities subject to contractual sale restrictions is determined. ASU 2022-03 clarifies that a contractual sale restriction should not be considered in measuring fair value. It also requires entities with investments in equity securities subject to contractual sale restrictions to disclose certain qualitative and quantitative information about such securities. ASU 2022-03 takes effect for private companies for fiscal years beginning after Dec. 15, 2024.

G.B. TOKANI INC.

Notes to Financial Statements (continued)
(Expressed in US Dollars)

Year ended December 31, 2022

4. Cash:

As at December 31, 2022, the Company has \$50,000 in restricted cash with the bank. The cash is held in an account separate of the operating funds and is required by the bank as assurance against any payments from franchisees that must be returned as a result of non-sufficient funds.

5. Related party transactions:

Included in accounts payable and accrued liabilities is \$48,150 (2021 - \$38,744) due to parties related by common control.

6. Intangible assets:

Acquired intangible assets.

			2022	2021
	Cost	Accumulated amortization	Net book value	Net book value
Franchise agreement	\$ 100,000	\$ 81,450	\$ 18,550	\$ 31,150

On June 28, 2016, the Company purchased substantially all of the assets of the business of GradePower Learning Franchises (the "Business") from Oxford Group International, LLC for \$100,000 cash. The purchased assets consisted primarily of existing contracts and franchise agreements and all trademarks, licenses, permits, approvals, consents, registrations, certificates, and other authorizations relating to the Business.

The \$100,000 purchase price was allocated to franchise agreements intangible asset.

This transaction is considered a related party transaction as the Company's sole shareholder G.B. Tokani Canada Enterprises, Inc. was a 50% member of the seller, Oxford Group International, LLC.

Amortization for the period amounted to \$12,600 (2021 - \$12,600).

7. Advertising fund:

The Company collects funds from franchisees for the purpose of maintaining a joint advertising program (the "Advertising Fund"). This program is operated on a cost recovery basis. The gross asset and liability reflected on the Balance Sheet relate to the cash that the Company manages on behalf of the franchisees and the corresponding obligation the Company has to each of the franchisees for the cash.

Contributions for Advertising have been recognized as gross revenue and expenditures for the period under Topic ASC 606 Revenue from Contracts with Customers. The advertising fund cash and receivables continue to represent contributions received that have not been spent on advertising expenditure. As of December 31, 2022, these were \$65,484.

G.B. TOKANI INC.

Notes to Financial Statements (continued)
(Expressed in US Dollars)

Year ended December 31, 2022

8. Accounts payable and accrued liabilities:

	2022	2021
Trade payables	\$ 114,919	\$ 114,789
State and local taxes	5,650	2,015
	<u>\$ 120,569</u>	<u>\$ 116,804</u>

9. Notes receivable:

	2022	2021
Promissory note receivable, repayable in 48 equal payments of \$1,582, bearing interest at 3% per annum commencing January 31, 2020, maturing December 31, 2023	\$ 62,703	\$ 63,528
Less current portion of loans receivable	(62,703)	(63,528)
	<u>\$ —</u>	<u>\$ —</u>

10. Income taxes:

(a) Tax rate reconciliation:

Income tax recovery differed from the amounts computed by applying the U.S. federal income tax rate of 21% (2021 - 21%) to pretax income as a result of the following:

	2022	2021
Computed "expected" tax expense (recovery)	\$ (9,480)	\$ 13,371
Change in income tax expense resulting from:		
Change in deferred tax valuation allowance	9,480	(13,371)
Reduction in income tax resulting from:		
Receipt of state tax refund	(829)	-
Increase in income tax resulting from:		
Current sales state tax	1,000	6,409
	<u>\$ 171</u>	<u>\$ 6,409</u>

G.B. TOKANI INC.

Notes to Financial Statements (continued)
(Expressed in US Dollars)

Year ended December 31, 2022

10. Income taxes (continued):

(b) Significant components of deferred taxes:

The temporary differences that give rise to significant portions of the deferred tax assets at December 31, 2022 and December 31, 2021 are related to net operating loss carryforwards.

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities (including the impact of available carryback and carryforward periods), projected future taxable income, and tax-planning strategies in making this assessment. In order to fully realize the deferred tax assets, the Company will need to generate future taxable income of approximately \$1,026,382 prior to the expiration of the net operating loss carryforwards. Based upon the level of historical taxable income and projections for future taxable income over the periods in which the deferred tax assets are deductible, management believes it is not more likely than not that the Company will realize the benefits of these deductible differences.

At December 31, 2022, the Company has net operating loss carryforwards for Federal income tax purposes and State income tax purposes of \$1,026,382 (2021 - \$981,241) which are available to offset future Federal taxable income and State taxable income, if any, through 2034, with expirations commencing in 2026.

11. Financial risk management:

(a) Fair value:

The Company measures certain financial assets at fair value on a recurring basis based on a fair value hierarchy that requires it to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

The fair value of the Company's financial instruments measured at fair value has been segregated into three levels. (1) Fair value of assets and liabilities included in Level 1 are determined by reference to quoted prices in active markets for identical assets and liabilities. (2) Fair value of assets included in Level 2 include valuations using inputs other than quoted prices for which all significant outputs are observable, either directly or indirectly. (3) Fair value of assets and liabilities included in Level 3 valuations are based on inputs that are unobservable and significant to the overall fair value measurement.

G.B. TOKANI INC.

Notes to Financial Statements (continued)
(Expressed in US Dollars)

Year ended December 31, 2022

11. Financial risk management (continued):

(a) Fair value (continued):

The Company's financial instruments include the following:

December 31, 2022	Level	Fair Value		Carrying Value
Cash	2	\$	209,286	\$ 209,286
Accounts receivable	2		51,604	51,604
Notes receivable	2		62,703	62,703
Accounts payable and accrued liabilities	2		120,569	120,569

December 31, 2021	Level	Fair Value		Carrying Value
Cash	2	\$	223,782	\$ 223,782
Accounts receivable	2		42,797	42,797
Notes receivable	2		63,528	63,528
Accounts payable and accrued liabilities	2		116,804	116,804

(b) Credit risk:

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss being incurred by the Company. The Company is exposed to credit risk in its cash, and accounts receivable. The Company minimizes the credit risk of balances with banks by depositing with or transacting with reputable financial institutions in the United States. The Company minimizes its credit risk of its accounts receivable and other receivables by routinely reviewing the status of individual accounts receivable balances and contacting customers who have overdue balances. As at December 31, 2022, an allowance for doubtful accounts of \$28,456 has been recorded (2021 - \$19,380).

(c) Liquidity risk:

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. All contractual cash flows related to the Company's financial liabilities are expected to be settled within one year except for those amounts due to shareholders which may be settled over a period in excess of one year after the date of the financial statements.

EXHIBIT H

APPLICANT CONFIDENTIALITY & NON-DISCLOSURE AGREEMENT/APPLICATION

APPLICANT CONFIDENTIALITY & NON-DISCLOSURE AGREEMENT

This Confidentiality & Non-Disclosure Agreement (this "Agreement") is made _____, _____, between G.B. Tokani, Inc. ("GBT") and _____ ("Applicant").

Applicant has applied to become a franchisee of GBT and, in connection with the application process, may become privy to certain information regarding the business of GBT and its Grade Power/Oxford Learning Centers and its franchise locations, that GBT classifies and protects as confidential and proprietary. GBT is willing to divulge such information (as and to the extent it deems appropriate in connection with the Applicant's application) only if the Applicant agrees to protect the confidentiality of such information.

GBT may also require Applicant to pay a deposit in connection with application to become a Grade Power Learning franchisee.

NOW THEREFORE, in consideration of the premises and the covenants and agreements herein contained, the sum of One (\$1.00) Dollar, and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the parties agree as follows:

ARTICLE 1 - DEFINITIONS

In this Agreement, unless something in the subject matter or context is inconsistent therewith:

"Confidential Information" means all information relating to GBT, its affiliates, and their respective businesses and affairs, including all information related to the GradePower® franchise opportunity, furnished by or on behalf of GBT or its affiliates or its franchisees to Applicant or any of Applicant's Representatives, regardless of the manner in which it is furnished or obtained by Applicant or any of its Representatives, but does not include information that: (a) is already published or otherwise readily available to the public, other than by a breach of this Agreement; (b) is rightfully received by Applicant from a third party not in breach of any obligation of confidentiality; (c) is proven to be known by Applicant on a non-confidential basis prior to disclosure hereunder; or (d) is produced in compliance with applicable law or a court order (or similar legal process), provided Applicant complies with the provisions of Section 2.05.

"Purpose" means Applicant's evaluation of the opportunity to purchase a GradePower® franchise and related discussions between GBT and Applicant.

"Representatives" means, in respect of either party, the directors, officers, employees, agents and advisors (including financial advisors and legal counsel) of that party and the directors, officers, employees and agents of any such agent or advisor.

ARTICLE 2- CONFIDENTIAL INFORMATION

2.01 Disclosure of Confidential Information

Nothing in this Agreement obligates GBT to disclose any particular Confidential Information.

2.02 Use of Confidential Information

Applicant shall use all reasonable efforts to protect GBT's interest in the Confidential Information and keep it confidential, using a standard of care no less than the degree of care that Applicant would be reasonably expected to employ for its own similar confidential information, but in all instances no less than a reasonable standard of care. Applicant will use the Confidential Information solely for the Purpose. Applicant will not disclose the Confidential Information to any person other than Applicant's Representatives who have a need to know the Confidential Information for the Purpose. Applicant will:

- (a) prior to disclosing the Confidential Information to any such Representative, issue appropriate instructions to such Representative with respect to the restrictions that apply to the Confidential Information and obtain the Representative's agreement to receive and use the Confidential Information on a confidential basis on the same conditions as contained in this Agreement and otherwise to comply with the terms hereof;
- (b) when requested by GBT, promptly provide a list containing the full name, title, location and function of each person having access to or copies of the Confidential Information; and
- (c) be responsible for any and all breaches of the terms of this Agreement by its Representatives.

The Confidential Information will not be copied, reproduced in any form or stored in a retrieval system or database by Applicant without the prior written consent of GBT, except for such copies and storage as may be required by Applicant or its Representatives for the Purpose. Applicant will take reasonable security measures and use care to preserve and protect the secrecy of, and to avoid the disclosure or use of, the Confidential Information. Applicant will promptly advise GBT in writing of any misappropriation or misuse by any person of the Confidential Information that may come to its attention.

2.03 Return of Confidential Information

Upon the request of GBT, any Confidential Information it has furnished to Applicant will be promptly returned (accompanied by all copies thereof made by Applicant and its Representatives) and deleted from all retrieval systems and databases by Applicant. With the consent of GBT in writing, any Confidential Information that would otherwise be returned to GBT may instead be destroyed by Applicant. Applicant will deliver to GBT a certificate by an officer of Applicant of such return (or destruction) and deletion.

2.04 Rights in Confidential Information

(1) All right, title and interest in and to the Confidential Information will remain the exclusive property of GBT and the Confidential Information will be held in trust and confidence by Applicant for GBT. No interest, licence or any right respecting the Confidential Information, other than expressly set out herein, is granted to Applicant under this Agreement by implication or otherwise. Nothing herein contained will be deemed to limit or restrict the rights of GBT to assert claims for patent or copyright infringement against Applicant.

(2) This Agreement does not constitute any representation, warranty or guarantee with respect to the accuracy or completeness of any Confidential Information or whether the Confidential Information infringes any rights of third parties. GBT will not be held liable for any errors or omissions in the Confidential Information or the use or the results of the use of the Confidential Information.

2.05 Legally Required Disclosure

If Applicant is requested pursuant to, or required by, applicable law or a court order (or similar legal process) to disclose any Confidential Information, Applicant will provide GBT with prompt notice of such request or requirement in order to enable GBT to seek an appropriate protective order or other remedy or to waive compliance with the terms of this Agreement or both. Applicant will not oppose any action by GBT to seek such a protective order or other remedy. If, failing the obtaining of a protective order or other remedy by GBT, such disclosure is required, Applicant will use its best efforts to ensure that the disclosure will be afforded confidential treatment.

ARTICLE 3 – DEPOSIT

Unless waived, GBT requires Applicant to pay a deposit of \$4,000 (the “**Deposit**”) as an indication of Applicant's good faith intent to enter into a GradePower Learning Franchise Agreement with GBT

upon completion of the application and approval process. The Deposit can be made by either personal check made out to G.B. Tokani, Inc. or through Electronic Funds Transfer (EFT) to the following account:

Bank: BMO Harris Bank

Routing No.: 071000288

Account #: 2653327

Upon execution of a Franchise Agreement for the operation of a GradePower Learning franchise, the paid Deposit will be applied to the initial franchise fee required under that Franchise Agreement. If Applicant desires to cancel its application, or if GBT, in its absolute discretion, elects not to grant a franchise to Applicant, and on condition that Applicant complies with Section 2.03 above and executes a release in GBT's standard form, the Deposit shall be fully refunded to Applicant.

ARTICLE 4 - GENERAL

4.01 Survival

Due to the valuable and proprietary nature of the Confidential Information to GBT the obligations assumed by Applicant hereunder shall (a) be unlimited in time or territory, or, (b) if it is held by a court of competent jurisdiction that this provision is illegal, invalid or unenforceable, shall apply only within those territories within which GBT then carries on business and only up to ten (10) years after disclosure of such Confidential Information.

4.02 Relationship of the Parties

Nothing contained in this Agreement will be deemed to create any partnership, joint venture or relationship of principal and agent between the parties or to provide either party with the right, power or authority, whether express or implied, to create any duty or obligation on behalf of the other party.

4.03 Entire Agreement

This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and cancels and supersedes any prior understandings and agreements between the parties with respect thereto. There are no representations, warranties, terms, conditions, undertakings or collateral agreements, express, implied or statutory, between the parties other than as expressly set forth in this Agreement.

4.04 Amendments and Waivers

No amendment to this Agreement will be valid or binding unless set forth in writing and duly executed by both of the parties. No waiver of any breach of any provision of this Agreement will be effective or binding unless made in writing and signed by the party purporting to give the same and, unless otherwise provided, will be limited to the specific breach waived.

4.05 Assignment

This Agreement may not be assigned by either party without the other party's prior written consent. This Agreement will inure to the benefit of and be binding upon the respective successors and permitted assigns of the parties.

4.06 Severability

If any provision of this Agreement is held to be invalid or unenforceable in whole in part, such invalidity or unenforceability will attach only to such provision or part thereof and the remaining part of such provision and all other provisions hereof will continue in full force and effect.

4.07 **Notices**

Any demand, notice or other communication to be given in connection with this Agreement must be given in writing and will be given by personal delivery, by overnight courier, or by electronic means of communication addressed to Applicant as follows:

To GBT:

G.B. Tokani, Inc
o/a GradePower Learning Centers.
230 – 747 Hyde Park Road, London, Ontario
E-Mail: administration@gradelearning.com
Attention: Christopher Millar

To Applicant:

E-mail:

Attention:

or to such other street address, individual or electronic communication number or address as may be designated by notice given by either party to the other. Any demand, notice or other communication given by personal delivery or overnight courier will be conclusively deemed to have been given on the day of actual delivery thereof, and if given by electronic communication, on the day of transmittal thereof if given during the normal business hours of Applicant and on the day during which such normal business hours next occur if not given during such hours on any day.

4.08 **Remedies**

Applicant agrees that monetary damages would not alone be sufficient to remedy any breach by Applicant or Applicant's Representatives of any term or provision of this Agreement and that GBT will also be entitled to equitable relief, including injunction and specific performance, in the event of any breach hereof and in addition to any other remedy available pursuant to this Agreement or at law or in equity. Applicant further waives any requirement for the deposit of security or posting of any bond in connection with any equitable remedy.

4.09 **Governing Law; Venue**

This Agreement is made under, and shall be construed and enforced in accordance with, the laws of the State of Delaware. The parties agree that the exclusive venue for disputes between them may be set in London, Ontario, Canada, or the city of Discloser's then-current headquarters, and the parties each waive any objection they may have to the personal jurisdiction of, or venue in, such courts.

4.10 **Counterparts**

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

4.11 **Electronic Execution**

Delivery of an executed signature page to this Agreement by either party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

IN WITNESS WHEREOF the parties have executed this Agreement.

_____	)	
[Applicant]	)	G.B. TOKANI, INC.
	)	
Per: _____	)	Per: _____
	)	
	)	
	)	
_____	)	_____
Witness		Witness

Personal Data:

Applicant 1:

Name:		Birth Date:	/ /
SS/SIN#:		Citizenship:	
Address:		City:	
Country:		Postal Code/Zip:	
Email:		Home Phone:	
Cell Phone:		Business Phone:	
# of Children:		Children's Ages:	

Applicant 1 Employment & Education History:

Applicant 1 Current Employment Status:	☐ Full-Time ☐ Part-Time ☐ Casual ☐ Self-Employed ☐ Unemployed
Current Position Held:	How Long:

Education & certification (a personal resume is preferred, please attach to this application):

Please indicate last year you completed and whether you graduated.

Education Completed:		Graduated:	
Do you have a Masters/PhD?:			

Applicant 2:

Name:		Birth Date:	/ /
SS/SIN#:		Citizenship:	
Address:		City:	
Country:		Postal Code/Zip:	
Email:		Home Phone:	
Cell Phone:		Business Phone:	
# of Children:		Children's Ages:	

Applicant 2 Employment & Education History:

Applicant 2 Current Employment Status:	☐ Full-Time ☐ Part-Time ☐ Casual ☐ Self-Employed ☐ Unemployed
Current Position Held:	How Long:

Education & certification (a personal resume is preferred, please attach to this application):

Please indicate last year you completed and whether you graduated.

Education Completed:		Graduated:	
Do you have a Masters/PhD?:			

Financial Information:

CALCULATION OF TOTAL ASSETS:

List & describe all current assets.

CALCULATION OF TOTAL LIABILITIES:

List & describe all current liabilities, including any amounts for alimony and child support.

	APPLICANT 1 AMOUNT:	APPLICANT 2 AMOUNT:		APPLICANT 1 AMOUNT:	APPLICANT 2 AMOUNT:
Cash (All Financial Institutions):	\$	\$	Bank Loans	\$	\$
Life Insurance:	\$	\$	Mortgages on Real Estate:	\$	\$
Retirement Accounts:	\$	\$		\$	\$
Marketing Securities:	\$	\$		\$	\$
Accounts & Loans Receivable (Itemize):	\$	\$	Others Obligations (Itemize):	\$	\$
Auto(s) (Make & Year):	\$	\$		\$	\$
Real Estate Market Value:	\$	\$		\$	\$
Business Interests:	\$	\$		\$	\$
Other Assets:	\$	\$		\$	\$
	\$	\$		\$	\$
Total Assets (A):	\$	\$	*Total Liabilities (B):	\$	\$
Net Worth (A minus B):	\$	\$			

ANNUAL INCOME:

ANNUAL EXPENDITURES:

Gross Income (Salaries & Wages):	\$	\$	Mortgages/Rental Payments:	\$	\$
Commissions & Bonuses:	\$	\$	Real Estate Taxes:	\$	\$
Dividends & Interest:	\$	\$	Federal/Provincial Income Taxes:	\$	\$
Rental Income:	\$	\$	Insurance Premiums:	\$	\$
Other Income (Itemize):	\$	\$	Credit Cards:	\$	\$
	\$	\$	Consumer Loan Payments:	\$	\$
	\$	\$	Child & Spousal Support, & Maintenance:	\$	\$
Spouse's Gross Income:	\$	\$	Home Utilities:	\$	\$
Other Income (Itemize):	\$	\$	Other Expenses (Itemize):	\$	\$
				\$	\$
				\$	\$
Total Income:	\$	\$	Total Expenditures:	\$	\$

*If you are personally supporting any contingent obligations not listed above (e.g. co-signer, guarantor, endorser), please indicate the details above, including the amount of the obligation.

Personal References:

NAME:	ADDRESS:	PHONE:	EMAIL:	RELATIONSHIP:

Business/Personal Information:

1. Have you ever owned your own business or another franchise? ☐ Yes ☐ No
If yes, what type of business: _____
2. Have you ever failed in business, filed bankruptcy, or compromised with creditors? ☐ Yes ☐ No
3. Are you currently, or have you ever been, involved in any lawsuits? ☐ Yes ☐ No
4. Have you ever been convicted of an indictable offense for which you have not received a pardon? ☐ Yes ☐ No
5. Please list your preference for locations, if granted an GradePower Learning Franchise:

6. If granted an GradePower Learning Franchise, when would you be available to open a location?
☐ Immediately ☐ Within 3 months ☐ Within 6 months ☐ Within 1 year
7. If granted an GradePower Learning Franchise, when would you be available for training?
☐ Immediately ☐ Within 3 months ☐ Within 6 months ☐ Within 1 year
8. How much capital are you able to invest?

9. Do you currently have a source of financing? ☐ Yes ☐ No
10. Will you use personal assets to finance this franchise? ☐ Yes ☐ No

I am submitting this Confidential Application to provide GradePower Learning® with information that will assist in evaluating my qualifications as a Prospective Franchisee. I understand that neither GradePower Learning® nor I are under any obligation whatsoever. I also understand that as part of the application approval process, certain background investigations may be conducted, and a separate authorization and release form must be signed by me before obtaining a Consumer Report.

Applicant 1 Signature: _____

Date: ____/____/____

Applicant 2 Signature: _____

Date: ____/____/____

EXHIBIT I

COMPLIANCE CERTIFICATION

G.B. TOKANI, INC.

COMPLIANCE CERTIFICATION

NOTICE FOR PROSPECTIVE FRANCHISEES WHO RESIDE IN, OR WHO INTEND TO OPERATE THE FRANCHISE IN ANY OF THE FOLLOWING STATES: CA, HI, IL, IN, MD, MI, MN, NY, ND, RI, SD, VA, WA, AND WI (EACH, A “REGULATED STATE”):

FOR PROSPECTIVE FRANCHISEES THAT RESIDE IN OR ARE SEEKING TO OPERATE THE FRANCHISE IN ANY REGULATED STATE, SUCH PROSPECTIVE FRANCHISEE IS NOT REQUIRED TO COMPLETE THIS CERTIFICATION OR RESPOND TO ANY OF THE QUESTIONS CONTAINED IN THIS QUESTIONNAIRE.

You are preparing to enter a Franchise Agreement for the establishment and operation of a GradePower Learning® franchise. The purpose of this Compliance Certification is to determine whether any statements or promises were made to you that GBT has not authorized and that may be untrue, inaccurate, or misleading.

A. I hereby certify that the following information is true and correct:

1. The date on which I received a Uniform Franchise Disclosure Document about GBT and the GradePower Learning® franchise:

Date Initials

2. The date of my first face-to-face meeting with a GBT sales representative to discuss the possible purchase of a franchise:

Date Initials

3. The date on which I delivered cash, check or other consideration for a deposit on the franchise fee:

Date Initials

4. The date on which I received a “signature ready” copy of the Franchise Agreement, each addendum and/or other related agreements:

Date Initials

5. The date I signed the Franchise Agreement, each addendum and/or other related agreements:

Date

Initials

6. The date on which I delivered cash, check or other consideration for the balance of the franchise fee:

Date

Initials

B. Please review each of the following questions carefully and provide honest and complete responses to each question:

1. Have you personally reviewed the Franchise Agreement and the Franchise Disclosure Document?

Yes_____ No_____

2. Do you understand all of the information in the Franchise Agreement and the Disclosure Document?

Yes_____ No_____

If "No", what parts of the Franchise Agreement and/or Disclosure Document do you not understand?
(attach additional pages, if necessary)

3. Have you discussed the benefits and risks of establishing and operating a GradePower Learning® franchise with an attorney, accountant, or other professional advisor?

Yes_____ No_____

4. Has any employee speaking on behalf of GBT made any statement or promise regarding the total amount of revenue you might achieve or operating profit you might realize from a GradePower Learning franchise?

Yes_____ No_____

- C. **If you have answered “Yes” to question B4 please provide a full explanation in the following blank lines. (Attach additional pages, if necessary, and refer to them below). If you have answered “No” to question B4, please leave the following lines blank.**

Please understand that your responses to these questions are important to us and that we will rely on them. By signing this Compliance Certification, you are representing that you have responded truthfully to the above questions.

Franchisee: _____ Date: _____
(Signature)

Franchisee: _____ Date: _____
(Signature)

Franchisee: _____ Date: _____
(Signature)

EXHIBIT J

FORM OF GENERAL RELEASE

**FORM OF
GENERAL RELEASE**

_____, residing at _____,
 ("Franchisee"), for and in consideration of the sum of One Dollar (\$1.00), cross-releases and other good and valuable consideration received from G.B. TOKANI, INC. with principal offices located at 747 Hyde Park Road, Suite 230, London, ON, Canada N6H 3S3 ("GBT"), receipt of which is acknowledged, does hereby release and forever discharge GBT, its directors, officers, employees, agents, subsidiaries, successors and/or assigns, and all persons, natural or corporate in privity with them, from all claims, demands and causes of action, known or unknown in law or equity, that Franchisee may now have or that might subsequently accrue to Franchisee upon or by reason of any matter, cause or thing whatsoever from the beginning of the world to the day and date of this release. Franchisee specifically releases the following claims:

Any and all claims arising out of, or as a result of the execution and performance of a certain Franchise Agreement executed between Franchisee and GBT dated _____.

This release may not be modified, amended or changed orally. Franchisee has carefully read the foregoing release and knows and understands the contents.

IN WITNESS WHEREOF, the Franchisee has duly executed this instrument.

DATED this _____ day of _____, 20____.

FRANCHISEE

STATE OF)
)SS:
COUNTY OF)

Before me this _____ day of _____, 20____ personally came _____ to me known to be the individual described in and who executed the foregoing release, and duly acknowledged that he executed the same.

NOTARY PUBLIC

EXHIBIT K

FORM OF RESALE AGREEMENT

**FORM OF
RESALE AGREEMENT**

THIS AGREEMENT, made this _____ day of _____, 20____, by and between G.B. TOKANI, INC., a Delaware corporation (hereinafter "Franchisor") and _____ (hereinafter "Franchisee").

A. Franchisor and Franchisee previously entered into a Franchise Agreement under which a license was granted to operate a GradePower Learning Center; and

B. Franchisee is desirous of selling its franchised business (hereinafter "the Franchise") located at _____; and

C. Franchisee requests the assistance of Franchisor with the sale of the Franchise.

NOW THEREFORE, in consideration of the promises, the mutual agreements set forth herein and other good and valuable consideration and with the intent to be legally bound, the parties hereby agree as follows:

1. Franchisee hereby grants to Franchisor the right to locate a prospective purchaser for the Franchise.

2. Franchisor agrees to use its best efforts to locate a suitable purchaser for the Franchise. Franchisor will bear all costs of advertising the sale of the Franchise.

3. Franchisee shall provide Franchisor or its designated agent with access to the Franchise Center for the purpose of showing same at reasonable hours.

4. The initial term of this Agreement shall be for 180 days and shall be renewed automatically on a month-to-month basis until terminated in writing by either of the parties.

5. The agreed price of the Franchise is \$_____, inclusive of the transfer fee paid to franchisor in the amount of \$_____, subject to existing mortgages or liens of approximately \$_____. Franchisee acknowledges that the price listed above is chosen by Franchisee and represents Franchisee's valuation of the Franchise at the time of the execution of this agreement.

6. Franchisee acknowledges that Franchisee is not required to execute this agreement and does so voluntarily and without duress.

FRANCHISEE:

FRANCHISOR:

G.B. TOKANI, INC.

By: _____
Its: _____

By: _____
Its: _____

EXHIBIT L

DEPOSIT AGREEMENT

DEPOSIT AGREEMENT

This Deposit Agreement (the “Agreement”) is hereby made and entered into on _____ (the “Effective Date”), by and between: (i) G.B. Tokani, Inc., a Delaware corporation with a business address at 747 Hyde Park Road, Suite 230, London, Ontario, Canada N6H 3S3 (“Franchisor”); and (ii) _____ a _____ with an address at _____ (“Prospective Franchisee”).

BACKGROUND

A. Franchisor grants franchises for the operation of GradePower franchised businesses (each, a “Franchised Business”) to persons who meet Franchisor’s qualifications and are willing to undertake the investment and effort to own and operate a Franchised Business as described in Franchisor’s current form of Franchise Disclosure Document (“FDD”).

B. Prospective Franchisee has applied to own and operate a GradePower Franchised Business. To determine whether to grant Prospective Franchisee a Franchised Business, Franchisor must evaluate Prospective Franchisee’s credentials to ensure owning and operating a GradePower Franchised Business is compatible with Prospective Franchisee’s objectives.

Accordingly, the parties agree as follows:

AGREEMENT

1. **Background.** The parties agree that the Background portion of this Agreement, including all definitions, representations, and provisions set forth therein, is hereby incorporated by reference as if fully set forth in this Section.

2. **Payment of Deposit and Refundability.** Upon execution of this Agreement, Franchisee will pay Franchisor a fully refundable deposit of \$4,000.00 (the “Deposit”). If Prospective Franchisee executes a franchise agreement with Franchisor, then the Deposit will be applied to the Initial Franchise Fee of \$37,500. If Prospective Franchisee and Franchisor decide not to execute a franchise agreement, then Franchisor will refund the Deposit to Prospective Franchisee within 15 days.

3. **Governing Law and Jurisdiction.** Delaware law governs this Agreement.

4. **Assignment.** Prospective Franchisee may not assign this Agreement without Franchisor’s prior written consent.

5. **Entire Agreement.** This Deposit Agreement constitutes the entire written agreement between Franchisor and Prospective Franchisee.

The parties hereto, intending to be legally bound, have duly executed and delivered this Agreement as of the Effective Date.

FRANCHISOR:

G.B. TOKANI, INC.

By: _____

Name: _____

Title: _____

Date: _____

PROSPECTIVE FRANCHISEE:

By: _____

Name: _____

Title: _____

Date: _____

EXHIBIT M

STATE EFFECTIVE DATES

State Effective Dates

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

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

State	Effective Date
Florida	March 6, 2024
Illinois	March 25, 2024
New York	Pending Registration
Virginia	April 5, 2024

EXHIBIT N

RECEIPTS

EXHIBIT N
RECEIPT (Our Copy)

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 G.B. Tokani Inc. offers you a franchise, we must provide this disclosure document to you at least 14 calendar days (or longer in some states) 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 we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Iowa requires that we give you this disclosure document at the earlier of the first personal meeting or 14 days before the signing of any agreement or the payment of any consideration. 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 G.B. Tokani Inc. does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington D.C. 20580 and to the relevant state agency listed in Exhibit C.

The franchise sellers for this offering is Bryan Smith, who is a member of our Franchise Department. Our and the franchise sellers' principal address and telephone number is 747 Hyde Park Road, Suite 230, London, ON, Canada N6H 3S3, (844) 475-7323. The names, business addresses and telephone numbers of other franchise sellers, if any, are: _____

We authorize service of process at the registered agent address as listed in Exhibit C.

Issuance Date: March 25, 2024

I received the disclosure document issued March 25, 2024, including following Exhibits:

Exhibit A	State Specific Addenda
Exhibit B	SBA Addendum
Exhibit C	State Administrators And Agents For Service of Process
Exhibit D	Franchise Agreement
Exhibit E	Table of Contents of The Manuals
Exhibit F	List of Franchisees And Certain Former Franchisees
Exhibit G	Financial Statements
Exhibit H	Confidentiality & Non-Disclosure Agreement / Application
Exhibit I	Compliance Certification
Exhibit J	Form of General Release
Exhibit K	Form of Resale Agreement
Exhibit L	Deposit Agreement
Exhibit M	State Effective Dates
Exhibit N	Receipt

DATE DISCLOSURE DOCUMENT RECEIVED: _____

SIGNED: _____
(Individually and as an officer)

SIGNED: _____
(Individually and as an officer)

DATE SIGNED: _____

DATE SIGNED: _____

NAME (Please print) _____

NAME (Please print) _____

Address _____

Address _____

DATE DISCLOSURE DOCUMENT RECEIVED: _____

SIGNED: _____
(Individually and as an officer)

SIGNED: _____
(Individually and as an officer)

DATE SIGNED: _____

DATE SIGNED: _____

NAME (Please print) _____

NAME (Please print) _____

Address _____

Address _____

Please sign and date this Receipt (with the date that you received the disclosure document), and if you received it electronically via email, also:

1. Open the attached disclosure document, to verify that you can download it; then immediately Reply to All, stating that you received and downloaded this disclosure document; AND:
2. Also print, sign, and date a copy of the Receipt (with the date that you received this disclosure), and return via mail to us at the address on the cover page of this disclosure document.

Attach additional signatures or use additional receipts if necessary. All owners, or two authorized officers or managers, of an entity franchisee must review all documents and sign individually and on behalf of any legal entity.

RECEIPT

(Your Copy)

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 G.B. Tokani Inc. offers you a franchise, we must provide this disclosure document to you at least 14 calendar days (or longer in some states) 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 we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Iowa requires that we give you this disclosure document at the earlier of the first personal meeting or 14 days before the signing of any agreement or the payment of any consideration. 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 G.B. Tokani Inc. does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington D.C. 20580 and to the relevant state agency listed in Exhibit C.

The franchise sellers for this offering is Bryan Smith, who is a member of our Franchise Department. Our and the franchise sellers' principal address and telephone number is 747 Hyde Park Road, Suite 230, London, ON, Canada N6H 3S3, (844) 475-7323. The names, business addresses and telephone numbers of other franchise sellers, if any, are: _____

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Exhibit L	Deposit Agreement
Exhibit M	State Effective Dates
Exhibit N	Receipt

DATE DISCLOSURE DOCUMENT RECEIVED: _____

SIGNED: _____
(Individually and as an officer)

SIGNED: _____
(Individually and as an officer)

DATE SIGNED: _____

DATE SIGNED: _____

NAME (Please print) _____

NAME (Please print) _____

Address _____

Address _____

DATE DISCLOSURE DOCUMENT RECEIVED: _____

SIGNED: _____

SIGNED: _____

DATE SIGNED: _____

DATE SIGNED: _____

NAME (Please print) _____

NAME (Please print) _____

Address _____

Address _____

Please sign and date this Receipt (with the date that you received the disclosure document), and if you received it electronically via email, also:

1. Open the attached disclosure document, to verify that you can download it; then immediately Reply to All, stating that you received and downloaded this disclosure document; AND:
2. Also print, sign, and date a copy of the Receipt (with the date that you received this disclosure), and return via mail to us at the address on the cover page of this disclosure document.

Attach additional signatures or use additional receipts if necessary. All owners, or two authorized officers or managers, of an entity franchisee must review all documents and sign individually and on behalf of any legal entity.