

# FRANCHISE DISCLOSURE DOCUMENT



BiC Franchise System Corporation

A Delaware corporation

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BiC Franchise System Corporation offers franchises for the operation of an education center that provides school-aged children with supplemental learning opportunities in the areas of Mathematics and English as well as SAT and ACT preparation courses.

The total investment necessary to begin operation of a ~~Best In Class Education Center~~ BEST IN CLASS EDUCATION CENTER<sup>®</sup> franchise ~~ranges from~~ is \$84,375 to ~~\$146,750~~ 142,500. This includes \$58,300 to \$60,800 that must be paid to ~~us~~ the franchisor or ~~our affiliates~~ affiliate.

~~Area developers must commit to open a minimum of 2 Best In Class Education Centers. If you purchase area development rights to open 2 to 4 Centers, the~~ The total investment necessary to begin operation of a ~~Best In Class Education Center franchise ranges from~~ 2 to 4 BEST IN CLASS EDUCATION CENTER<sup>®</sup> franchises ~~under an Area Development Agreement is~~ is \$124,375 to ~~\$256,750~~ 252,500. This includes \$98,300 to \$170,800 that must be paid to ~~us~~ the franchisor or ~~our affiliates~~ affiliate.

This Disclosure Document summarizes certain provisions of your franchise agreement, area development 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 government agency has verified the information contained in this document.**

You may wish to receive your Disclosure Document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact the franchisor at 4820 NE 4th St., Suite A-107, Renton, Washington 98059 or by phone at (425) 880-2688.

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 accountant.

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

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

Issuance Date: May ~~1, 2024~~ 27, 2025

## How to Use this Franchise Disclosure Document

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

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

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

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

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

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

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

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

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

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

### Some States Require Registration

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

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

## Special 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 and area development agreement require you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in Washington. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in Washington than in your own state.
2. **Mandatory Minimum Payments.** You must make minimum royalty or advertising fund payments, regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.
3. **Short Operating History.** The franchisor is at an early stage of development and has a limited operating history. This franchise is likely to be a riskier investment than a franchise in a system with a longer operating history.
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.
5. **Sales Performance Required.** You must maintain minimum sales performance levels. Your inability to maintain these levels may result in loss of any territorial rights you are granted, termination of your franchise, and loss of your investment.
6. **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.

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.

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

Each of the following provisions is void and unenforceable if contained in any document relating to a franchise:

- (a) A prohibition on the right of a franchisee to join an association of franchisees.
- (b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.
- (c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.
- (d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) The term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.
- (e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.
- (f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.
- (g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:
  - (i) The failure of the proposed transferee to meet the franchisor's then current reasonable qualifications or standards.
  - (ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.
  - (iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.
  - (iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.
- (h) A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in subdivision (c).

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

If the franchisor's most recent financial statements are unaudited and show a net worth of less than \$100,000.00, the franchisee may request the franchisor to arrange for the escrow of initial investment and other funds paid by the franchisee until the obligations, if any, of the franchisor to provide real estate, improvements, equipment, inventory, training or other items included in the franchise offering are fulfilled. At the option of the franchisor, a surety bond may be provided in place of escrow.

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

Any questions regarding this notice should be directed to:

State of Michigan  
Department of Attorney General  
CONSUMER PROTECTION DIVISION  
Attention: Franchise Section  
G. Mennen Williams Building, 1<sup>st</sup> Floor  
525 West Ottawa Street  
Lansing, Michigan 48913  
Telephone Number: (517) 373-7117

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## ITEM 1 FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES

To simplify the language in this Disclosure Document, “we,” “us” and “the Company” mean BiC Franchise System Corporation - the franchisor. “You” means the person who buys a ~~Best In Class Education Center~~ BEST IN CLASS EDUCATION CENTER<sup>®</sup> franchise - the franchisee, and includes your partners if you are a partnership, your shareholders if you are a corporation, and your members if you are a limited liability company.

For purposes of this Disclosure Document, a “Center” refers to any supplemental education business that we authorize to operate under our Marks and use our System (as such terms are defined below), including any Center operated by us, our affiliate, you, or another franchisee. It does not include a Satellite Office (described further below).

### Corporate Information

BiC Franchise System Corporation is a Delaware corporation that was incorporated on February 10, 2023. Our principal business address is 4820 NE 4th St., Suite A-107, Renton, Washington 98059 and our telephone number is (425) 880-2688. Our agents for service of process are disclosed in EXHIBIT "A" (for registration states) and EXHIBIT "B" (for other states). We do not do business under any names other than “BiC Franchise System Corporation” and our tradename “Best In Class Education”.

### Business History

Our founder, Hao Lam, has owned and operated Centers in Washington since 2010. We began offering franchises for ~~Best In Class Education~~ Centers in March 2023. We are not engaged in any business other than offering franchises for ~~Best In Class Education~~ Centers and administering the franchise system. We have never offered franchises in any other line of business. We have never directly owned and operated a Center.

### Predecessors, Parents and Affiliates

Our predecessor, Best In Class Education Center, LLC, offered franchises for ~~Best In Class Education~~ Centers from March 2011 to May 2021. Best In Class Education Center, LLC never offered franchises in any other line of business. Best In Class Education Center, LLC never directly owned and operated a Center. Best In Class Education Center, LLC’s principal business address is 3712 88<sup>th</sup> Avenue SE, Mercer Island, Washington 98040.

We do not have any parent companies.

We do not have any affiliates that offer (or have ever offered) franchises in this or any other line of business. ~~We have 2 affiliates that provide goods or services to our franchisees, including Adaptively Education, Inc. (“Adaptively Education”) and LBIS, LLC (“LBIS”), each of which is discussed further below. We do not have any other affiliates that provide goods or services to our franchisees.~~

#### ~~— Adaptively Education~~

~~Adaptively Education owns~~ Our affiliate, LBIS, LLC (“LBIS”), is the exclusive supplier for our BC Portal, BC Printing Software and ~~administers the Adaptively Learning Management System (“LMS”), Systems, each of~~ which is an integral part of our proprietary online business management platform (“BCP-LMS”) that is used to ~~deliver and manage in person and remotely conducted classes for English, math and, if applicable, STEM courses. All new franchisees are required to license LMS from Adaptively Education. Adaptively Education also owns the Marks we license to you. Adaptively Education has never owned and operated~~ and operate a Center. ~~Adaptively Education’s principal business address is 2100 E. Spruce St. Seattle, Washington 98122.~~

#### ~~— LBIS~~

~~In the past, LBIS was the exclusive supplier for all educational materials purchased by franchisees (franchisees printed these materials through a printing portal called the BC Portal). New franchisees do not purchase any goods or services from LBIS. Franchisees who purchased their Center from our predecessor (including those who renew their franchise rights after the issuance of this Disclosure Document) have the option to either continue to acquire their educational materials from LBIS or convert to LMS. LBIS has never owned and operated a Center. LBIS’s principal business address is 3712 88<sup>th</sup> Avenue SE, Mercer Island, Washington~~

98040. [We do not have any other affiliates that provide goods or services to our franchisees.](#)

### **Description of Franchised Business**

We offer franchises to individuals who have a passion for teaching and/or working with children and who meet our other qualifications. We do not require that franchisees have prior teaching experience. However, we do require that franchisees have some prior experience working with children (ideally in an educational setting).

The franchised business you purchase is referred to as your “Business” or your “Center”. As a franchisee, you will provide school-aged children with Math, English and, if applicable, STEM enrichment studies (“Enrichment Programs”) as well as SAT and ACT preparation courses from a dedicated brick and mortar facility that you establish. You may also offer small group or “private” tutoring services and teach a variety of high-school subjects. You will offer classes after regular school hours and on weekends. Currently, we do not allow you (or other Centers) to offer or sell any merchandise or retail items.

You may, but need not, offer: (a) our After-School Program (students visit every day after school for at least 2.5 hours and receive one packet of Math and one packet of English each week); and/or (b) our Summer Camp Program (students visit every day at least 2.5 hours per day for 5 days a week during the Summer and receive one packet of Math and one packet of English each week). The After-School Program and Summer Camp Program are referred to as “Special Programs”.

With our prior approval, you may offer programs or engage in revenue generating activities at your Center that are not part of the ~~Best In Class Education Center~~ [BEST IN CLASS EDUCATION CENTER](#)<sup>®</sup> system. These programs are referred to as “Affiliate Programs”. For example, with our approval you could partner with a business that offers drivers education classes at your Center and share revenues from that program with the other business. You could also generate income from subleasing a portion of your Center during hours when you do not have students at the Center. All Affiliate Programs must be approved by us in advance. We may impose any requirements we feel are appropriate as a condition to you offering the Affiliate Program at your Center.

If we award you a franchise, you must sign the form of franchise agreement attached to this Disclosure Document as EXHIBIT "C" (the “Franchise Agreement”). Under the Franchise Agreement, we grant you a license to use certain service marks, trademarks, trade names and logos, including the service mark “~~Best In Class Education Center~~” [BEST IN CLASS EDUCATION CENTER](#)<sup>®</sup> (collectively, the “Marks”). The Marks also include our distinctive trade dress used to identify a Center, whether now in existence or developed in the future. We also grant you a license to use our business format and operating system that was developed for the operation of a Center (the “System”). The operational aspects of a Center are contained in our confidential Brand Standards Manual (the “Manual”). You will operate your Center as an independent business using the Marks, the System and the support, guidance and other methods and materials we provide.

With our prior approval, you may establish one or more satellite offices (each, a “Satellite Office”), which are spaces that are rented on a temporary basis (no longer than 12 months) and shared with other businesses/organizations. Examples of Satellite Office locations include churches, temples, libraries, HOA buildings, YMCAs, Boys & Girls Clubs, community centers, schools, and similar types of facilities. We will not consider allowing you to establish a Satellite Office unless: (a) your initial Center has been open for at least 6 months; and (b) your average monthly Gross Sales (defined in Item 6) equal or exceed \$5,000 per month for the 3-month period preceding your request. You must sign our then-current form of Satellite Office Addendum for each Satellite Office you develop, the current form of which is attached to this Disclosure Document as EXHIBIT "H"-4. The Satellite Office is operated as an extension of the brick-and-mortar Center and is subject to all terms of the Franchise Agreement except as otherwise provided in the Satellite Office Addendum. Only franchisees with an established brick-and-mortar Center are eligible to purchase a Satellite Office. A Satellite Office cannot be purchased at the same time as the purchase of your initial Center.

### **Area Development Rights**

If you satisfy our criteria for multi-unit developers, we may (but need not) offer you the right to enter into an Area Development Agreement in the form attached to this Disclosure Document as EXHIBIT "D" (an “ADA”). The ADA grants you the right and obligation to develop, open and operate multiple Centers within a defined

“development territory” according to a predetermined “development schedule”. You must develop, open and operate all of the Centers identified in the development schedule (Satellite Offices do not count). We only grant area development rights to franchisees who commit to develop, open and operate a minimum of 2 Centers. You sign a separate franchise agreement for each Center you develop under the ADA. Each franchise agreement will be our then-current form of franchise agreement, which may differ from the current Franchise Agreement attached to this Disclosure Document.

**Market and Competition**

Our Centers offer classes to children from pre-school through 12<sup>th</sup> grade. The target market for ~~Best In Class~~ **BEST IN CLASS EDUCATION CENTER**<sup>®</sup> customers includes middle-income to upper-income families with children who could benefit from supplemental education or help preparing for standardized exams. Demand for supplemental educational programs is seasonal, with highest demand during the school year and lowest demand during the summer months.

The market for supplemental educational services is competitive and well-developed. You will compete with a number of national and local supplemental education providers, including Sylvan Learning Center, Kumon, Mathnasium, Eye Level, JEI Learning and Huntington Learning Centers. Some competitors operate through a franchise model. You will also face competition from local teachers who offer after-hours tutoring services.

**Laws and Regulations**

You must comply with all federal and state licensing and other regulatory requirements relating to the operation of your Business. In addition to laws that apply to all businesses, there may be laws specifically governing businesses that provide education or other services to children. In some jurisdictions, teachers may need to be licensed and/or pass background checks. At this time, we are not aware of any states that require your teachers to be licensed or certified by the state. There may be other local, state and/or federal laws or regulations pertaining to your Business with which you must comply. We strongly suggest that you investigate these laws before buying this franchise.

**ITEM 2 BUSINESS EXPERIENCE**

**Hao Lam – Chief Executive Officer and Chairman**

Hao Lam has served as our Chief Executive Officer and Chairman since February 2023. During the prior 5 years, he has also held the following positions:

Employer	Title	Location	Period of Time
<a href="#">LBIS, LLC</a>	<a href="#">Manager</a>	<a href="#">Mercer Island, WA</a>	<a href="#">Feb 2023 to present</a>
Best In Class Education Center, LLC	CEO and Chairman	Mercer Island, WA	Jul 2012 to present
	Manager and Chairman	Mercer Island, WA	Feb 2011 to Jun 2012
Adaptively Education, Inc.	Executive Chairman	Mercer Island, WA	Feb 2021 to <del>present</del> <a href="#">Dec 2024</a>
EDYU USA Holding Ltd.	Manager	Mercer Island, WA	Feb 2010 to <del>present</del> <a href="#">Dec 2021</a>
Lam’s Tutoring Services, Inc.	Manager	Bellevue, WA	Jan 1995 to present

**Stephanie Zhu – Chief Financial Officer**

Stephanie Zhu has served as our Chief Financial Officer since February 2023. During the prior 5 years, she has also held the following positions:

Employer	Title	Location	Period of Time
Best In Class Education Center, LLC	Vice President of Finance	Mercer Island, WA	Jun 2013 to present
Adaptively Education, Inc.	Co-Founder & CFO	Seattle, WA	Feb 2021 to present
Lam’s Tutoring Services, Inc.	Vice President of Finance	Seattle, WA	Jul 2007 to present

## **Laura Leddusire – Chief Operating Officer**

Laura Leddusire has served as our Chief Operating Officer since February 2023. During the prior 5 years, she has also held the following positions:

<b>Employer</b>	<b>Title</b>	<b>Location</b>	<b>Period of Time</b>
Best In Class Education Center, LLC	Vice President of Operations	Mercer Island, WA	Aug 2019 to present
Adaptively Education, Inc.	Co-Founder & CEO	Mercer Island, WA	Feb 2021 to present
<a href="#">Lam's Tutoring Services, inc.</a>	<a href="#">Vice President of Operations</a>	<a href="#">Seattle, WA</a>	<a href="#">Feb 2009 to Aug 2019</a>

### **ITEM 3 LITIGATION**

No litigation is required to be disclosed in this Item.

### **ITEM 4 BANKRUPTCY**

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

### **ITEM 5 INITIAL FEES**

You must pay us and our affiliate the initial fees and ~~other amounts~~ payments described below.

All of these fees and ~~other~~ payments are uniformly imposed— except: (a) a franchisee who is renewing their franchise rights does not pay any of these fees or other amounts (instead they pay the renewal fee required by the expiring Franchise Agreement); (b) a franchisee who acquires their Center from another franchisee via an approved transfer does not pay an initial franchise fee (instead they or the selling franchisee may be required to pay the transfer fee required by the selling franchisee's Franchise Agreement) or the Systems Implementation Fee; and (c) for any discounts listed below.

As further discussed below, a portion of pre-paid Travel Expenses for grand opening assistance may be refundable if our actual ~~Travel Expenses~~ expenses are less than the ~~pre-paid~~ estimate. ~~Otherwise, all~~ All other fees and payments are ~~non-refundable~~ nonrefundable.

#### **Initial Franchise Fee**

At the time you sign the Franchise Agreement, you pay us ~~a non-refundable~~ an initial franchise fee that varies depending on whether you are purchasing your 1<sup>st</sup>, 2<sup>nd</sup>, 3<sup>rd</sup> or subsequent Center in accordance with the table below:

<b>Center Being Purchased</b>	<b>Initial Franchise Fee*</b>
1 <sup>st</sup> Center	\$45,000
2 <sup>nd</sup> Center	\$40,000
3 <sup>rd</sup> and subsequent Centers	\$35,000 per Center

\* After opening, you may, with our approval, purchase the right to operate a Satellite Office by paying us the satellite office fee listed in Item 6. The fee is \$5,000 if the Satellite Office is located inside the territory assigned to your Center (your “Center Territory”) or ~~\$1722~~,500 if located outside your Center Territory. For purposes of determining the initial franchise fee applicable to the next brick-and-mortar Center you purchase, a Satellite Office located outside your Center Territory counts as the purchase of a Center but a Satellite Office located inside your Center Territory does not. For example, if you purchase your 1<sup>st</sup> Center, followed by a Satellite Office located inside your Center Territory, followed by a 2<sup>nd</sup> Center, you would pay: (a) a \$45,000 initial franchise fee for your 1<sup>st</sup> Center; (b) a \$5,000 satellite office fee for your Satellite Office; and (c) a \$40,000 initial franchise fee for your 2<sup>nd</sup> Center. On the other hand, if the Satellite Office in the example above is located outside your Center Territory, then you would pay: (a) a \$45,000 initial franchise fee for your 1<sup>st</sup> Center; (b) a ~~\$1722~~,500 satellite office fee for your Satellite Office; and (c) a \$35,000 initial franchise fee for your 2<sup>nd</sup> Center.

The initial franchise fee is inclusive of a \$10,000 initial training fee for the ~~pre-opening initial~~ [franchise management and operations](#) training program (“[Management Training](#)”) that we conduct [before you open your Center](#).

### **LMS Systems Implementation Fee**

At the time you sign the Franchise Agreement, you pay our affiliate, ~~Adaptively Education, a non-refundable~~ [LBIS](#), a \$2,000 implementation fee for the setup and configuration of [BCP-LMS](#) (the “[LMS Systems Implementation Fee](#)”). We ~~reserve the right to~~ [may](#) require you to pay [us](#) the [LMS Systems Implementation Fee](#) ~~to us~~, in which case we will remit the fee to our affiliate. ~~The LMS Implementation Fee is uniformly imposed. If you are a renewing franchisee and you choose to continue to acquire and obtain educational materials from LBIS through the BC Portal, you will not incur this fee for your Center.~~

### **Grand Opening Marketing Fee**

At the time you sign the Franchise Agreement, you pay us a ~~non-refundable~~ \$10,000 grand opening marketing fee. We spend all of these funds on grand opening marketing activities to promote your Center over a 6-month period, completing no later than 2 months after your grand opening. We do not keep any portion of these funds. We reserve the right to require you to spend the grand opening marketing funds directly with suppliers in accordance with our instructions, in which case you will not pay the fee to us. For United States Veterans and “Qualified Educators,” we will provide an additional \$5,000 allowance toward grand opening marketing activities to promote your Center. A “Qualified Educator” is any person who is: ~~(i)~~ [\(ii\)](#) a credentialed educator; ~~(ii)~~ [\(iii\)](#) a state certified teacher (active or retired); ~~(iii)~~ [\(iv\)](#) a licensed childcare professional; ~~(iv)~~ [\(v\)](#) a college educator; or ~~(v)~~ [\(vi\)](#) an educator employed through an accredited Kindergarten through 12th grade institution. If you are both a United States Veteran and Qualified Educator, you will only receive the \$5,000 allowance (not \$10,000).

[For the sake of clarity, if you acquire your Center from another franchisee via an approved transfer, you still must pay us the \\$10,000 grand opening marketing fee, which we will spend on grand opening marketing activities to promote the reopening of your Center under new ownership.](#)

### **Grand Opening Assistance Expense Reimbursement**

We send a trainer to your Center to provide a minimum of 2 days of onsite training and grand opening assistance. You must reimburse us for the associated Travel Expenses (defined in Note 2 of Item 6), which we estimate will range from \$1,300 to \$3,800. You pay us \$1,500 at least 1 month prior to your grand opening date as a pre-paid estimate of the Travel Expenses for the trainer. If the actual Travel Expenses incurred are different than the \$1,500 pre-paid estimate then: (a) you pay us any Travel Expenses that exceed the \$1,500 pre-paid estimate within 10 days of invoicing; or (b) we promptly refund to you any overpayment if the Travel Expenses are less than the \$1,500 pre-paid estimate. If you request that we send more than 1 trainer, you must also pay an additional fee of \$350 per day (including each work day and travel day, for a minimum of 2 days) and reimburse us for the associated Travel Expenses for the additional trainer.

### **Design Fee**

At no additional charge, we provide 2 alternative Site Drawings (you select the Site Drawing you prefer). A “[Site Drawing](#)” refers to a basic preliminary site drawing consisting of our proposed high-level design and layout for your Center (and each room within your Center), including our suggestions for the layout and configuration of required furniture and equipment. If you request additional Site Drawings (or revisions to any Site Drawing previously submitted to you), we may charge you a \$300 design fee for each additional or revised Site Drawing we provide, which will be due 10 days after invoicing. Most franchisees do not request additional Site Drawings or incur a design fee.

### **Opening Extension Fee (for E2 Visa candidates only)**

If you are unable to open your Center by the required opening deadline due to delays in obtaining your E2 Visa for reasons other than your neglect, we will grant you a 90-day extension of your opening deadline in exchange for payment of a \$2,500 extension fee. The fee is due at the time you request the extension and is non-refundable, even if your E2 Visa is ultimately denied.

## Development Fee

If you sign an ADA, you pay us a ~~non-refundable~~ development fee that consists of the total aggregate initial franchise fees for all Centers you commit to develop under the ADA. You do not pay any additional initial franchise fee under the Franchise Agreements you sign for these Centers. The amount of the initial franchise fee for each Center is determined in accordance with the table set forth above under “Initial Franchise Fee”. We expect most area developer franchisees will purchase the right to develop between 2 and 4 Centers, which results in development fees ranging from \$85,000 to \$155,000.

### ITEM 6 OTHER FEES

TYPE OF FEE <sup>1</sup>	AMOUNT <sup>2</sup>	DUE DATE	REMARKS
Royalty Fee	Monthly amount equal to greater of: (a) \$250; or (b) <u>sum of</u> 12% of Gross Sales plus 12% of Affiliate Program Sales plus 6% of Special Program Sales	7 <sup>th</sup> day of month	You must provide us with monthly reports of your Gross Sales, Affiliate Program Sales and Special Program Sales. <u>Under our current incentive program, we will waive the royalty fee for the first 5 months after opening for any Franchise Agreement signed in 2025 (incentive does not apply to Transfers). The incentive program ends December 31, 2025. Royalty fees are otherwise uniformly imposed.</u>
Brand and System Development Fund Fee	Up to 3% of Gross Sales <del>(currently 2% of Gross Sales)</del> plus 1% of Special Program Sales <u>(currently 2% of Gross Sales plus 1% of Special Program Sales)</u>	Same as royalty fee	<u>See Note 3. We deposit this fee into a Brand Fund. You have no voting rights pertaining to the administration of the Brand Fund, the creation or placement of advertising, or the amount of the brand fund fee. We notify you 120 days before increasing the fee.</u>
BCP-LMS Licensing Monthly Fee	<del>Up to \$15 per student per subject per month (currently \$8 per student per subject per month)</del> <u>Sum of:</u> <u>(a) 2% of Gross Sales minus Enrichment Sales;</u> <u>(b) 1% of Special Program Sales; and</u> <u>(c) Monthly Student User Fees</u> <u>(renewing franchisees may pay lower fee - see Note 1)</u>	Same as royalty fee	<u>See Note 4. Monthly Student User Fees is calculated as a “base fee” multiplied by the number of subjects taken by enrolled students at your Center as of the last day of the prior month. The base fee is \$8 per student per subject per month (Mathematics, English and STEM are each separate “subjects”). We may increase the base fee upon 90 days’ notice, up to a maximum of \$15 per student per subject per month (maximum annual increase is \$2). We prorate Monthly Student User Fees for the 1<sup>st</sup> and last month (if you do not operate the full month).</u>
Curriculum Distribution Fee	<del>The sum of (i) 2% of the difference between your Gross Sales minus your Enrichment Sales plus (ii) 1% of your Special Program Sales</del>	Same as royalty fee	<del>See Note 4.</del>
Local Marketing Commitment	<del>[Months 2 through 12 after Center opening date]</del> \$1,500 per month	As incurred (monthly)	<del>These amounts are not paid to us. Instead, you</del> <u>This is the minimum amount you must spend these amounts locally to market and promote to advertise</u>

TYPE OF FEE <sup>1</sup>	AMOUNT <sup>2</sup>	DUE DATE	REMARKS
	<i>[Months 13 &amp; beyond]</i> Greater of \$1,000 per month or 4% of <u>monthly</u> Gross Sales		your Center <u>in your local market</u> (the “ <u>Local Marketing Commitment</u> ”). Amounts you <del>—Any amount you—</del> pay us or our affiliate for marketing materials <u>is/are</u> credited towards against your Local Marketing Commitment. Your grand opening marketing fee <del>described in Item 5</del> covers <u>your</u> minimum required marketing <del>expenditure for up to the first 2 months</del> expenditures through the end of <u>the 2<sup>nd</sup> month</u> after <del>you open</del> opening.
Training Fees <del>and Expense Reimbursements</del>	<del>Management</del> <u>[Travel Expenses: 2 Days of Onsite Training]</u> <del>\$700 per person</del> <u>\$1,300 to \$3,800 (estimate)</u>	<u>10 days after invoice</u> <del>Prior to training</del>	<del>See Note 5.</del> <u>We provide 2 days of onsite training and support within 30 days after your Center opens. You must reimburse our Travel Expenses. If you ask us to send more than 1 trainer, you pay an additional \$350 per additional trainer per day (including work and travel days) for a minimum of 2 days.</u>
	<u>[Management Training]</u> <u>\$700 per person</u>	<u>Prior to training</u>	<u>You pay us a \$700 training fee for each person who attends Management Training after opening. We may charge a training fee of up to \$350 per day for each person who attends remedial training or additional training you request. There is no training fee for refresher or supplemental training.</u>
	<u>[Other Training]</u> \$350 per person per day (plus Travel Expenses <u>if we conduct training onsite</u> )	10 days after invoice	<u>You must also reimburse Travel Expenses we incur to provide onsite training at your Center.</u>
<u>Certification Training Fees</u>	<u>Up to \$200 for initial certification and \$100 for periodic recertification (not currently imposed)</u>	<u>Prior to certification training</u>	<u>We may implement teacher certification programs and require all teachers to complete the program, in which case we may charge certification fees for live in-person certification training (no fee would be charged for virtual certification programs).</u>
Technology Fee	<del>Varies</del> <u>Up to \$200 per month per Center</u> (currently \$100 per month for 1 email account and <u>Google suite products</u> , plus \$10 per month for each additional email account in excess of 1)	7 <sup>th</sup> day of month or as we otherwise specify	<del>See Note 6.</del> <u>Includes amounts you pay us or our affiliate for Technology Systems, including (a) amounts paid for proprietary items, (b) amounts we collect from you and pay to third-parties and (c) administrative fees to manage the technology platform and negotiate/ manage relationships with third-party licensors. It does not include amounts you pay to third parties. The BCP-LMS Monthly Fee is listed separately and is not considered a technology fee.</u>
Customer Service Fee	Up to \$500 per year (not currently <del>charged</del> <u>imposed</u> )	10 days after invoice	<del>See Note 7.</del> <u>Imposed to cover our costs if we implement a customer satisfaction program, such as collecting and evaluating data and feedback from customers to determine their satisfaction with your Center and identify potential modifications to the System to improve customer satisfaction.</u>
Conference Registration Fee	Up to \$350 per person per conference	10 days after invoice	<del>See Note 8.</del> <u>We may hold conferences to discuss matters affecting franchisees. Attendance is mandatory unless we designate attendance as optional or we waive your obligation to attend based on showing of good cause.</u>

TYPE OF FEE <sup>1</sup>	AMOUNT <sup>2</sup>	DUE DATE	REMARKS
Gift Card Program Fees	<del>Varies</del> <u>Up to \$50 per month per Center</u> (not currently <del>charged</del> <u>imposed</u> )	10 days after invoice or as we otherwise specify	You must participate in any gift card program we establish and pay <del>all associated program required fees and</del> contributions <del>and fees we reasonably require in order to implement and to us or a third party to</del> administer the program. <del>These amounts are paid to us or a third party we designate.</del>
Product Purchases	Varies depending on item purchased <u>(not currently imposed)</u>	10 days after invoice	We may, <del>but need not, be</del> <u>serve as</u> a <u>System supplier for certain items purchased by franchisees, such as inventory, marketing material, equipment goods and operating supplies services you must purchase.</u> If <del>we supply any of these items</del> <u>this occurs</u> , we will provide you with a price list upon request.
Relocation Fee	\$1,000 for each <del>proposed</del> new site <u>you propose</u> plus Travel Expenses	At time new site proposed	You may not relocate your Center without our approval. If we allow you to relocate, you must pay us the \$1,000 fee and reimburse <del>us for</del> all Travel Expenses we incur to visit new sites you propose. We <del>will</del> refund 75% of the <del>relocation</del> fee if we reject the <del>proposed</del> site.
Satellite Office Fee <u>(per office)</u>	<u>[If Office Located Inside Your Center Territory]</u> \$5,000 per office ( <del>if office located inside your Center Territory</del> ) \$17,500 per office ( <del>if office located outside your Center Territory</del> )	At time you sign Satellite Office Addendum	See Note 94 for a description of the other fees you pay relating to a Satellite Office.
	<u>[If Office Located Outside Your Center Territory]</u> \$22,500 per office		
Renewal Fee	\$2,500	At time you sign <del>Renewal Agreement</del> <u>renewal agreement</u>	<u>Payable</u> <del>Imposed</del> if you renew your franchise rights <u>by signing a renewal Franchise Agreement.</u>
Transfer Fee	60% of then-current initial franchise fee (reduced to 40% if buyer is an existing franchisee)	Before <del>transfer</del> <u>Transfer</u>	<del>Payable if you</del> <u>You pay the</u> transfer or sell your franchise. <del>No charge if franchise transferred to an entity you control or for certain transfers of ownership interests between existing owners.</del> <u>fee for all Transfers other than Permitted Transfers.</u> If <u>our broker finds</u> the buyer <del>is found by a broker we engage</del> , you must also reimburse us for all commissions we pay <del>to</del> the broker.
Audit Fee	Actual cost of audit (plus Travel Expenses for audit team)	10 days after invoice	<del>Payable only</del> <u>Imposed</u> if audit (a) <del>reveals you understated sales by at least 3% or (b) is necessary</del> <u>required</u> because you fail to <del>send</del> <u>submit</u> required <u>information data</u> or reports in a timely manner <del>or (b) reveals you understated sales by 3% or more.</del>

TYPE OF FEE <sup>1</sup>	AMOUNT <sup>2</sup>	DUE DATE	REMARKS
Late Fee	\$100 plus default interest at lesser of (a) 15% per annum (prorated on daily basis) or (b) highest rate allowed by applicable law	10 days after invoice	If <del>we</del> our debit <del>of</del> your account <del>but there are insufficient funds,</del> <del>is rejected</del> or <del>a</del> your check <del>you issue</del> is returned <del>due to</del> for insufficient funds, <del>then</del> we may charge (in addition to the late fee) an NSF fee of \$50 per incident. <del>In California,</del> <del>default</del> Default interest is limited to 10% per annum <del>in California.</del>
<del>Fines</del> <u>Noncompliance fee</u>	\$500 per incident	Upon demand	<del>Payable</del> Imposed if you <del>fail to comply with</del> breach a mandatory standard or operating procedure (including <del>timely</del> submission of required reports) and <del>do not</del> fail to cure within the time period we require. We may impose an additional \$100 <del>fine for</del> fee every 48 hours the <del>non-compliance issue</del> breach remains uncured after we impose the initial <del>fine</del> fee. We <del>will</del> deposit <del>all fines</del> these fees into the <del>brand fund.</del> Brand Fund.
Default Reimbursements	All costs we incur to cure your default	10 days after invoice	If you fail to cure a breach of the Franchise Agreement or our brand standards in the time period we require, we may take steps to cure on your behalf. <del>If we do so,</del> <del>and</del> you must reimburse us for <del>all our</del> costs <del>we incur,</del> including <del>Travel Expenses.</del> <del>Examples</del> ( <del>examples</del> include failure to <del>pay suppliers,</del> maintain <del>required</del> insurance, <del>failure to pay suppliers and failure to</del> <del>or</del> meet quality <del>or safety standards.</del> ).
Management Fee	\$250 per day plus Travel Expenses and other costs we incur to temporarily manage your Center	10 days after invoice	If you <del>default under the</del> fail to cure a Franchise Agreement <del>default</del> or the Managing Owner dies, we can designate a <del>temporary manager</del> person to manage your Center until <del>you cure</del> the default <del>is cured</del> or <del>find a replacement</del> Managing Owner, <del>as applicable</del> <del>replaced.</del>
Indemnification	Amount of our damages, losses and expenses	10 days after invoice	You must indemnify <del>and reimburse</del> us for <del>all damages,</del> losses and expenses we incur due to <del>the</del> your operation of <del>your</del> the Center or <del>your</del> breach of the Franchise Agreement.
Attorneys' Fees and Costs	Amount of attorneys' fees and costs we incur	Upon demand	You must reimburse us for all attorneys' fees and costs we incur relating to your breach of the Franchise Agreement or <del>other</del> any <del>related</del> agreement <del>with us or our affiliates.</del>
Development Schedule Extension Fee (ADA only)	\$2,500 <del>for each 90-day extension</del>	At time you request extension	<del>If you need to</del> <del>You may</del> extend a development deadline, <del>we will grant you a single 90-day extension for the development of that unit in exchange for 90 days by paying us</del> the extension fee. <del>The extension option may be used</del> <del>You are limited to</del> a maximum of 4 <del>times</del> (i.e., <del>extensions for a Center</del> (360 days <del>maximum extension</del> ). <del>You must pay us a separate extension fee for each extension.</del> ).

TYPE OF FEE <sup>1</sup>	AMOUNT <sup>2</sup>	DUE DATE	REMARKS
Early Termination Fee	\$5,000	At time Center closes	You may terminate without cause if <u>you</u> : (a) <del>you</del> provide at least 180 days' notice; (b) <del>you</del> allow us to market and resell your Center during the 180-day period (you do not receive any proceeds of the sale); (c) <del>you have paid us</del> <u>pay</u> all amounts owed; and (d) <del>you</del> sign a General Release (subject to state law). You pay <del>us</del> the early termination fee only if you <del>cease operating</del> <u>close</u> your Center <del>prior to before</del> the <del>expiration</del> <u>end</u> of the term and <del>fail to do</del> <u>not</u> follow these procedures.

Notes:

1. Nature and Manner of Payment: All fees are imposed by and payable to us except ~~that~~: (a) you spend the Local Marketing Commitment directly with suppliers; and (b) ~~we may either require you to pay BCP-LMS Licensing Monthly Fees and Curriculum Distribution Fees to LBIS (or BC Portal licensing fees if you use the BC Portal instead of LMS) to our affiliates or~~ we may collect these fees from you and remit them to ~~our affiliates~~ LBIS on your behalf. All fees are nonrefundable and uniformly imposed except as otherwise noted. You must sign an ACH Authorization Form (attached to the Franchise Agreement as ~~ATTACHMENT "E"~~ ATTACHMENT "E") permitting us to electronically debit your designated bank account for ~~all~~ amounts owed to us and our affiliates (other than fees due within 15 days after signing the Franchise Agreement). You must deposit all Gross Sales, Affiliate Program Sales and Special Program Sales into the bank account and ensure sufficient funds are available for withdrawal before each due date. You are responsible for all taxes imposed on you or us based on products, intangible property (including trademarks) or services we provide to you.

2. ~~For purposes of this fee table (and the remainder of Definitions: As used in this Disclosure Document),~~ the following capitalized terms have the meanings given to them below:

"Affiliate Program Sales" means ~~all~~ total gross sums you collect from ~~all~~ Affiliate Programs conducted in connection with your Center, ~~(including the amounts that third-party marketing agencies, such as Groupon, receive and retain from your customers and retain for marketing goods or services relating to your Affiliate Programs.)~~. Affiliate Program Sales do not include: (a) sales or use taxes; (b) amounts refunded to customers; or (c) Gross Sales or Special Program Sales.

"Enrichment Programs" means weekly group tutoring in Mathematics, English and/or STEM.

"Enrichment Sales" means the portion of total ~~amount of your~~ Gross Sales ~~that is~~ derived from the sale of Enrichment Programs: (i.e., weekly group tutoring in Mathematics, English and/or STEM).

"Gross Sales" means ~~all~~ total gross sums ~~that you~~ collect from all goods and services ~~that you sell, plus all other sums you collect from the operation of your Center, (including any advertising revenues, sponsorship fees, business interruption insurance proceeds and amounts that third-party marketing agencies, such as Groupon, receive and retain from your customers and retain for marketing goods or services.)~~ or that otherwise relate to your Center (e.g., advertising revenues, sponsorship fees, business interruption insurance proceeds, etc.). Gross Sales does not include: (a) sales or use taxes; (b) amounts refunded to customers; or (c) Affiliate Program Sales or Special Program Sales.

"Permitted Transfer" means a Transfer: (a) between existing owners; or (b) by the owners to a new business entity that is 100% owned and controlled by the transferring owners. It does not include a Transfer described in (a) or (b) that results in the Managing Owner owning less than 20% of the franchised business.

"Special Program Sales" means ~~all~~ total gross sums ~~that you~~ collect from all goods and services ~~that you sell in connection with any optional Special Programs (which are optional programs), you choose to offer (including the amounts that third-party marketing agencies, such as Groupon, receive and retain from your customers and retain for marketing goods or services relating to your Special Programs.)~~. Special Program Sales do not include: (a) sales or use taxes; (b) amounts refunded to customers; or (c) Gross Sales or

Affiliate Program Sales.

“Technology Systems” means and includes all information and communication technology systems we specify from time to time, including, without limitation, computer systems, point-of-sale systems, learning systems, printing systems, webcam systems, telecommunications systems, security systems, music systems and similar systems, together with the associated hardware, software (including cloud-based software) and related equipment, software applications, mobile apps, and third-party services relating to the establishment, use, maintenance, monitoring, security or improvement of these systems.

“Total Sales” means the amount comprised by the sum of Gross Sales plus Affiliate Program Sales plus Special Program Sales.

“Transfer” means a transfer or assignment of: (a) the Franchise Agreement or ADA (or an interest in either such agreement); (b) the Center’s assets (other than the sale of furniture, fixtures or equipment in the ordinary course); (c) an ownership interest in the entity that is the “franchisee” or “area developer”; or (d) the franchised business you conduct under the Franchise Agreement or ADA.

“Travel Expenses” means the travel, meals and lodging expenses incurred by us and/or our representatives to visit your Center, including: (a) economy tickets (no red-eye flights); (b) business class hotels (3.5 stars and up); (c) up to \$50 per person per day for meals; and (d) actual costs incurred for local transportation, such as car rental fees plus insurance costs, taxi fare, Uber fees, etc.

~~3. We have established and administer BCP-LMS Monthly Fee: If you are a brand and system development fund to promote public awareness of our brand and improve our System. You have no voting rights pertaining to the administration of the fund, the creation and placement of the marketing materials or the amount of the required contribution. We renewing franchisee who operates a Legacy Center, your base fee will provide: (a) start at least 180 days’ notice before increasing the required brand fund contribution.~~

~~4. You must pay monthly LMS Licensing Fees for use of LMS. The LMS Licensing Fee is payable based on the total number of your Center’s students, enrolled in Enrichment Programs, regardless of whether all such students actually utilize the LMS. The amount of the monthly LMS Licensing Fee is currently \$8\$4 per per student per subject per month. The LMS Licensing Fee applicable during the first and/or last month of the term of your when you sign the renewal Franchise Agreement may be prorated if the first and/or last month of the term are less than a full calendar month. If the number of subjects taken by a student changes during the course of ; and (b) increase by \$1 every January 1<sup>st</sup> until it is equal to the base fee paid by new franchisees (currently \$8). A “Legacy Center” refers to a month, then you must pay the LMS Licensing Fee based on the total number of subjects taken by the student during the month, regardless of how many subjects are taken Center owned by the student at any given point in time during the month. We may increase the LMS Licensing Fee on an annual basis. The maximum annual increase of the licensing fee is \$2 monthly per student per subject. We will not increase the LMS Licensing Fee more than once during any calendar year. At least 90 days before implementing an increase to the LMS Licensing Fee, we will provide you with a written notice that identifies the new LMS Licensing Fee and identifies the date on which the new LMS Licensing Fee will go into effect.~~

~~If you renewing franchisee who: (a) purchased yourthe Center from our predecessor and choose; (b) did not sign a Remote Learning Participation Addendum with Best In Class E-Academy, LLC; and (c) elects to continue to acquire and obtain educational materials from LBIS through the BC Portal (referred to as a “BC Portal Center”), then you do not pay LMS Licensing Fees, but instead pay comparable fees for the use of the BC Portal. There are two classifications of BC Portal Centers, as follows: (a) a BC Portal Center that signed a remote learning participation addendum is referred to as a “RLP Center”, and (b) a BC Portal Center that did not sign a remote learning participation addendum is referred to as a “Legacy Center”.~~

~~Legacy Centers pay the “base fee” (currently \$4) multiplied by the total number of subjects being taught to all students enrolled at your Center at the end of the prior month (Mathematics, English and STEM are each considered a separate “subject”) (“Legacy Center Licensing Fee”). The Legacy Center Licensing Fee will increase by \$1 every January 1st until it is equal to the LMS Licensing Fee.~~

~~RLP Centers pay a licensing fee for use of the BC Portal that is identical to the LMS Licensing Fees. Therefore, RLP Centers will pay a licensing fee based on the total number of your Center's students, enrolled in Enrichment Programs, regardless of whether all such students actually utilize the BC Portal, and is currently \$8 per student per subject per month (Mathematics, English and STEM are each considered a separate "subject") ("RLP Center Licensing Fee"). The RLP Center Licensing Fee may be increased on an annual basis. The maximum annual increase of the RLP Center Licensing Fee is \$2 monthly per student per subject. We will not increase the RLP Center Licensing Fee more than once during any calendar year. At least 90 days before implementing an increase to the RLP Center Licensing Fee, we will provide you with a written notice that identifies the new licensing fee and identifies the date on which the new licensing fee will go into effect.~~

~~All franchisees, including those operating Legacy Centers and RLP Centers, must pay the Curriculum Distribution Fee, which is calculated as the sum of (i) 2% of the difference between your Gross Sales minus your Enrichment Sales from the prior month plus (ii) 1% of your Special Program Sales from the prior month.~~

~~Because of the significant additional costs and efforts associated with administering separate systems, LBIS intends to discontinue the BC Portal with such discontinuation to become effective as of the date specified by LBIS (the "Discontinuation Date"). However, the Discontinuation Date will not occur earlier than December 31, 2025. LBIS will provide you with at least 30 days' prior written notice of the Discontinuation Date. No later than the Discontinuation Date, you must fully migrate to LMS at your own expense, and commence payment to us of the LMS Licensing Fee imposed under the Franchise Agreement. You will no longer be able to obtain educational materials through the BC Portal following the Discontinuation Date.~~

- ~~5. We provide a pre-opening initial training program at our corporate headquarters at no additional charge (the initial franchise fee is inclusive of a \$10,000 initial training fee that covers this training). As part of our initial training program, we also send 1 corporate trainer to your Center (within 30 days after your opening date) to provide 2 days of onsite training and operational support. If you request that we send more than 1 trainer, you must pay an additional training fee of \$350 per additional trainer per day (including each work day and travel day, for a minimum of 2 days).~~

~~We may charge a management training fee of \$700 per person for: (a) any new Managing Owner or Manager who attends our management training program after your Center opens; and (b) any person who retakes our management training program after failing a prior attempt. We waive the management training fee if the person attends a previously scheduled management training program conducted for another franchisee, but reserve the right to charge for any costs we incur for training materials. After your Center opens, we may (but need not) allow your Managing Owner to train new Managers you hire.~~

~~We may also charge an additional training fee of \$350 per person per day for: (a) any person to whom we provide additional training you request (other than management training); and (b) any remedial training we require based on your operational deficiencies. We do not charge a training fee for system-wide refresher or additional training programs or virtual training programs.~~

~~You are responsible for all expenses and costs your trainees incur for training, including wages, travel and living expenses. If we provide onsite training or assistance, you must reimburse us for all Travel Expenses we incur. The Travel Expense reimbursement is in addition to any applicable training fees. We estimate that our Travel Expenses to send 1 corporate trainer to your Center to provide 2 days of onsite training and operational support (during the 30-day period after opening) will range from \$1,300 to \$3,800.~~

~~Although not currently required, we may require that your teachers complete a certification training program and periodic recertification training. If we impose this requirement in the future, we may charge a certification fee of up to \$200 per teacher for initial certification and up to \$100 per teacher for recertification training (no fee would be charged if the certification programs are conducted virtually).~~

- ~~6.3 You must acquire and utilize all information and communication technology systems that we specify from time to time (the "Technology without utilization of our Learning Management Systems"). The "technology~~

fee” includes all amounts you pay us and/or our affiliates relating to these Technology Systems, including amounts paid for proprietary items and amounts we collect from you and remit to third-party suppliers based on your use of their systems, software, technology or services. The amount of the technology fee may change based on changes to the Technology Systems or the prices charged by third-party suppliers with whom we enter into master agreements. The technology fee does not include any amounts you pay directly to third-party suppliers for any component of the Technology Systems. As of the issuance date of this Disclosure Document, we charge a technology fee calculated as the sum of \$100 per month, plus \$10 per month for each additional email account you request in excess of 1. The technology fee may be increased to a maximum of \$200 per month per Center upon 30 days’ notice.

7. ~~In the future, we may require you to participate in a customer satisfaction program and pay us the Customer Service Fee to cover our costs to implement and administer the program. The program would involve collecting and evaluating data and feedback from customers to determine their satisfaction with your Center and identify potential modifications to the System to improve customer satisfaction.~~

8. ~~We may hold periodic national or regional conferences to discuss business and operational issues affecting Centers. Your Managing Owner and Managers are required to attend these conferences, but we will not require them to attend more than 3 days of conferences each year. You are also responsible for all expenses and costs the conference attendees incur, including wages, travel and living expenses.~~

9.4. Satellite Office Fee: If your Satellite Office is located inside your Center Territory, then: (a) you pay us a \$5,000 satellite office fee ~~and (b) the territory assigned to your Satellite Office will be the same as your Center Territory~~. If ~~the~~your Satellite Office is located outside your Center Territory, then: (a) you pay us a \$1722,500 satellite office fee ~~and (b) you will receive a new territory for your Satellite Office~~, which must be adjacent to your Center Territory. The satellite office fee does not vary depending on the number of dedicated brick-and-mortar Centers or other Satellite Offices you have purchased.

With our prior approval, you may convert a Satellite Office to a dedicated brick-and-mortar Center after opening (for example, you convert temporary shared space to a long-term lease that is exclusively utilized by you). In order to do so, you must pay us the difference between the satellite office fee previously paid to us and our then-current initial franchise fee that would be due for a brick-and-mortar Center.

You do not pay us ~~the~~an initial training fee, design fee, grand opening marketing fee, or grand opening Travel Expense reimbursement (each described in Item 5) for a Satellite Office. You must pay a separate \$2,000 LMSSystems Implementation Fee for the use of LMS at your Satellite Office. ~~However, if you purchased your Center from our predecessor and choose to continue to purchase educational materials from are a renewing franchisee who operates a Legacy Center, you must pay LBIS through the BC Portal, then you do not pay the a \$2,000 LMSSystems Implementation Fee or ongoing LMS Licensing Fees for use of LMS. Instead, you pay us: a separate \$2,000 BC Portal implementation for each Satellite Office you develop (if any) but you do not pay this fee for each Satellite Office; and if you operate a Legacy Center, you will pay a monthly the renewal of your Legacy Center Licensing Fee; or if you operate a RLP Center, you will pay a monthly RLP Center Licensing Fee. No later than the Discontinuation Date, you must fully migrate to LMS at your own expense, and commence payment to us of the LMS Licensing Fee imposed under the Franchise Agreement.~~

The royalty fee and other percentage-based fees described in the table above apply equally to revenues generated by the Satellite Office, although you must report these revenues separately from the revenues generated by your brick-and-mortar Center. You must also pay a separate technology fee for each Satellite Office you operate.

**ITEM 7 ESTIMATED INITIAL INVESTMENT**

**Table A:** ~~Estimated initial investment for the purchase of a single Center.~~

YOUR ESTIMATED INITIAL INVESTMENT (SINGLE CENTER)				
TYPE OF EXPENDITURE <sup>1</sup>	AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Initial Franchise Fee <sup>2</sup>	\$45,000	Lump sum	At time you sign Franchise Agreement	Us
<del>Initial</del> Training Expenses for Corporate Training (1 to 2 people training in Washington) <sup>3</sup>	\$1,500 to \$3,000	As incurred	During training	Hotels, restaurants and airlines
<del>Reimbursement of our</del> Travel Expenses for Onsite Training <sup>4</sup>	\$1,300 to \$3,800	Lump sum	Prepaid estimate due 30 days <del>prior to</del> before opening	Us
Lease Deposit <sup>5</sup>	\$4,000 to \$6,000	Lump sum	Before opening	Landlord
Build Out & Improvements <sup>6</sup>	\$2,500 to \$35,000	As incurred	Before opening	Contractors, architects & suppliers
Signage <sup>7</sup>	\$500 to \$4,500	Lump sum	Before opening	Suppliers
Decorating, Furniture & Furnishings <sup>8</sup>	\$3,000 to \$4,000	As incurred	Before opening	Suppliers
<del>LMS</del> Systems Implementation Fee <sup>9</sup>	\$2,000	Lump sum	At time you sign Franchise Agreement	Us or affiliate
Technology Systems <sup>10</sup>	\$2,000 to <del>\$7,250</del> 3,000	Lump sum	Before opening	Suppliers
Utility Deposits	\$500 to \$1,000	As incurred	Before opening	Utility companies
Business License	\$200 to \$400	Lump sum	Before opening	Government agencies
Professional Fees <sup>11</sup>	\$2,500 to \$5,000	Lump sum	Before opening	Suppliers
Insurance Premium (3 months)	\$875 to \$1,200	Lump sum	Before opening	Insurance companies
Grand Opening Marketing Fee <sup>12</sup>	\$10,000	Lump sum	At time you sign Franchise Agreement	Us
Additional Funds <sup>13</sup> (3 months)	\$8,500 to \$18,600	As incurred	As incurred	Landlord, us, business coaching organization, suppliers <del>and</del> employees
<b>Total Estimated Initial Investment</b> <sup>14</sup>	\$84,375 to <del>\$146,750</del> 142,500			

~~Table B~~ ~~Estimated~~The table below estimates the initial investment for the purchase of area development rights: ~~for 2 to 4 Centers:~~

YOUR ESTIMATED INITIAL INVESTMENT (AREA DEVELOPMENT — ASSUMES COMMITMENT OF 2 CENTERS OR 4 CENTERS)				
TYPE OF EXPENDITURE <sup>1</sup>	AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Development Fee <sup>15</sup>	\$85,000 to \$155,000	Lump sum	At time you sign ADA	Us
Initial Investment to Open Initial Center	\$39,375 to <del>\$101,750</del> 97,500	This is the total estimated initial investment in Table <del>A</del> above less <del>the</del> \$45,000 initial franchise fee that is included in development fee.		

YOUR ESTIMATED INITIAL INVESTMENT				
(AREA DEVELOPMENT—ASSUMES COMMITMENT OF 2 CENTERS OR 4 CENTERS)				
TYPE OF EXPENDITURE <sup>1</sup>	AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Total Estimated Initial Investment <sup>14</sup>	\$124,375 to <del>\$256,750</del> <u>252,500</u>			

Notes:

1. Financing and Refunds: We do not offer direct or indirect financing for any of these items. No amounts paid to us are refundable ~~other than the potential refund of a portion of pre-paid Travel Expenses~~except as otherwise discussed in Note 34 below. We are ~~unaware~~not aware of any ~~fees~~amounts paid to third-party suppliers that are refundable, although your landlord may refund your security deposit at the end of the lease if you do not damage the property or default.
2. Initial Franchise Fee: This estimate assumes you are purchasing your 1<sup>st</sup> Center. The initial franchise fee is reduced to: (a) \$40,000 ~~if you are purchasing for~~ your 2<sup>nd</sup> Center ~~or; and (b) \$35,000 if you are purchasing your 3<sup>rd</sup> or for any additional Center~~Centers you purchase.
3. Initial Training Expenses: This estimates your expense to send 1 to 2 people to Washington for Management Training. Your actual training expenses may vary depending on: (a) the number of people you send to training; (b) the distance they must travel; and (c) the level and quality of accommodations, travel and dining selected.
- 3.4. Travel Expenses for Onsite Training: You must reimburse our Travel Expenses to send 1 corporate trainer to ~~provide your Center for~~ 2 days of onsite training ~~at your Center and support. We estimate these expenses will range from \$1,300 to \$3,800.~~ You pay us a \$1,500 pre-paid estimate of these expenses 30 days prior to opening. The actual Travel Expenses incurred are reconciled with the pre-paid estimate after completion of onsite training. As discussed in Item 5, if our actual Travel Expenses are less than the \$1,500 pre-paid estimate, we will refund the overpayment to you or issue you a credit against royalty fees. This estimate assumes we send 1 corporate trainer to your Center. If you request additional trainers, you pay an additional training fee of \$350 per day for each additional trainer you request.
- 4.5. Lease Deposit: This estimate assumes you lease your premises. Rent varies depending on factors such as the size and location of the premises, ~~its location, landlord contributions and the requirements of individual landlords, and local market conditions.~~ We ~~anticipate~~expect most Centers will range in size from 1,000 to 1,500 square feet with rent ranging from \$2,000 to \$3,000 per month. Landlords typically require security deposits equal to 1 or 2 months' rent and may, in addition, require payment in advance of the first and/or last month's rent. The ~~total estimated lease deposit shown~~estimate in the table ~~above~~ includes 2 months' rent. Some franchisees may ~~prefer~~choose to ~~own~~purchase the ~~premises for their Center~~real estate. The cost to purchase real estate varies so widely that we cannot reasonably estimate the cost.
- 5.6. Build Out & Improvements: The cost of leasehold improvements and build-out ~~vary~~varies widely based on a number of factors including:
  - the size and condition of the leased space
  - the extent and nature of ~~any~~ existing leasehold improvements
  - ~~whether~~ the amount of landlord ~~will contribute to the costs of the~~contributions, if any, towards leasehold improvements ~~(referred to as improvement costs (a "TI Allowances") and the amount of any TI Allowance you are able to negotiate")~~
  - ~~local~~demolition and construction costs and prevailing wage rates in ~~your~~the local market

~~In some cases, Some~~ landlords ~~that~~ provide a TI Allowance but increase ~~the~~ monthly rent to recapture the TI Allowance and amortize it over the lease term (or ~~over a shorter period~~part of timethe lease term). The low estimate in the table ~~above~~ assumes your space is either "move-in ready" with few required leasehold improvements or your landlord covers most leasehold improvement expenses with a TI Allowance. The

high estimate assumes your space requires leasehold improvements and you bear the associated costs.

- ~~6-7.~~ Signage: You must purchase and install the signage we specify. However, you may need to modify our standard signage to conform to local zoning laws, property use restrictions and/or lease terms. In some instances, exterior signage may be prohibited due to applicable zoning or use restrictions. The low estimate assumes your Center is located within an office building that does not allow exterior signage while the high estimate assumes your Center will be in retail space with exterior signage.
- ~~7-8.~~ Decorating, Furniture & Furnishings: This ~~estimates your~~ includes the estimated cost for classroom tables, chairs, light fixtures and furniture for the reception area.
- ~~8-9.~~ Systems Implementation Fee: You pay a \$2,000 LMS Systems Implementation Fee to setup and configure LMS. ~~You will not incur this fee if you are a renewing franchisee and you choose to continue to acquire and obtain educational materials from LBIS through the BC Portal instead of using LMS.~~
- ~~9-10.~~ Technology Systems: This estimates your costs to purchase and set up your Technology Systems, including your computer system (including hardware, software and printer), telephone system, 5 web-based security cameras as well as hardware and installation. ~~The low~~ This estimate estimate assumes you purchase a small printer or lease a large printer ~~while the high estimate assumes~~. If you choose to purchase a larger printer, your cost may be higher. In recent years, none of our franchisees have elected to purchase a large printer.
- ~~10-11.~~ Professional Fees: This includes fees you may incur to hire a professional to review your Franchise Agreement, negotiate your lease and set up your company. It may also include accounting fees to set up your accounting system. You must hire a real estate professional to review and negotiate your lease. If you use our recommended real estate professional, your fee for LOI and lease review and negotiation will be \$3,500 per lease, but we will contribute \$1,000 (so you pay the remaining \$2,500). The low estimate assumes you hire our recommended real estate professional to review and negotiate your LOI and lease but choose not to engage the services of attorneys, accountants or other professionals for any other purpose.
- ~~11-12.~~ Grand Opening Marketing Fee: You pay us the grand opening marketing fee. ~~We, which we~~ use ~~this fee~~ to market and promote the opening of your Center.
- ~~12-13.~~ Additional Funds: This estimates your expenses during the first 3 months of operation, including ~~lease payments; rent~~ (\$6,000 to \$12,000); ~~estimate~~; payroll costs (excluding any wage or salary paid to you); ~~advertising expenses; technology fees; business coaching; fees~~ (which are paid to a recommended (but optional) third-party business coaching organization; ~~which is optional but recommended, and estimated to range from \$~~ (\$1,000 to \$3,600); ~~estimate~~; utilities; and other miscellaneous expenses and required working capital. Your initial 3 months of rent and insurance premium are separately stated in the table above. These figures are estimates based on ~~our principals~~: (a) the experience of our management team in developing ~~and~~ opening and operating company-owned Centers; and ~~our franchisees~~ (b) the experience of our franchisees in developing ~~and~~ opening and operating franchised Centers.
- ~~13-14.~~ Budget and Initial Investment Report: We strongly recommend you hire an accountant, business advisor or other professional to assist you in developing a budget for the construction, opening and operation of your Center. Within 60 days after your opening date, you must send us a report, in the form we designate, listing the expenses you incur to develop and open your Center. We may use this data to update the initial investment estimate in future versions of our Franchise Disclosure Document.
- ~~14-15.~~ See Development Fee: Item 5 ~~for a discussion of the calculation of~~ discusses how the development fee ~~is calculated.~~ This initial investment estimate assumes you commit to develop either 2 Centers (low estimate) or 4 Centers (high estimate). If you ~~commit~~ purchase the right to develop more than 4 Centers, your development fee will increase by \$35,000 for each additional Center you commit to develop ~~in excess of 4.~~ This initial investment estimate does not include ~~the your~~ costs ~~you will incur~~ to develop any Center other than ~~your 1<sup>st</sup>~~ the first Center ~~developed~~ you develop under the ADA.

## ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

### Source-Restricted Purchases and Leases - Generally

You must purchase or lease certain “source-restricted” goods and services for the development and operation of your Center. By “source-restricted”, we mean the good or service must meet our specifications and/or must be purchased from an approved or designated supplier (in some cases, an exclusive designated supplier, which may be us or an affiliate). The Manual includes our specifications and supplier list. We notify you of changes to our specifications or supplier list by email, updates to the Manual, bulletins or other means of communication.

### Supplier Criteria

Our criteria for evaluating suppliers include standards for: (a) quality, delivery, performance, design, appearance and price of the product or service; and (b) dependability, production capabilities, reputation and financial strength of the supplier. Upon request, we will provide you with any objective specifications pertaining to our evaluation of a supplier or product, although certain important subjective criteria (e.g., product appearance, design, functionality, etc.) are important to our evaluation but cannot be described in writing.

If you wish to purchase or lease a source-restricted item from a non-approved supplier, you must send us: (a) a written request for approval; (b) product samples for testing purposes; and (c) all additional information we request. We may require that you send us samples from the supplier for testing. We may also require that we be allowed to comply with our minimum insurance, indemnification and confidentiality requirements for system suppliers and allow us to periodically inspect the supplier’s facilities. We will notify you of our decision within 30 days after we receive your request for approval and all additional required information and product samples we require. We may periodically re-inspect the facilities and products of any approved supplier products and suppliers and revoke our approval if the product or supplier fails to meet our then-current criteria. We do not charge you a fee or require reimbursement of our costs any fee to review products and suppliers you propose.

### Current Source-Restricted Items

We estimate nearly 50% of the total purchases and leases to establish your Center and 80% of ongoing operating expenses will consist of source-restricted goods or services, as further described below.

#### *Lease*

We do not review the terms of your lease. However, if you lease the premises for your Center, you must use best efforts to ensure your landlord signs the Lease Addendum attached to the Franchise Agreement as ATTACHMENT "C".

#### *Design and Construction Services*

The Manual includes certain standards and specifications pertaining to the design, layout, equipping and trade dress for a Center. We will prepare and send you 2 proposed Site Drawings for your consideration. You select the Site Drawing you prefer. You must hire an architect to prepare initial design plans and detailed construction plans, which must be consistent with the Site Drawing you select and comply with the requirements in the Manual and all laws, building codes, permits, lease restrictions and landlord requirements applicable to the premises. We must approve the final construction plans. Once approved, you must construct and equip your Center in accordance with the approved plans and the specifications in the Manual. We must approve your architect and general contractor. We may require you to hire an architect we designate to ensure uniformity and consistency of design.

#### *Fixtures, Furnishings and Decorations*

All fixtures, furnishings and decorations must meet our standards and specification, but you may purchase them from any suppliers of your choosing.

## Technology Systems

Your Technology Systems (including hardware, software, equipment, software applications, mobile apps and similar items) must meet our standards and specifications. Certain Technology System components ~~of your Technology Systems~~ must be purchased from approved or designated suppliers ~~while other~~. Other components may be purchased from any supplier of your choosing. We may ~~also~~ require ~~that you to purchase~~ certain services relating to the establishment, use, maintenance, monitoring, security or improvement of ~~your~~ Technology Systems ~~be purchased~~ from approved or designated suppliers. We currently require ~~that you to~~ license our proprietary BCP-LMS from our affiliate, Adaptively Education. ~~However, if you are a renewing franchisee you may instead choose to continue to acquire and obtain educational materials from our other affiliate, LBIS, in which case you. You~~ must continue to also license and ~~utilize the associated BC Portal and related software. use~~ QuickBooks Online.

## Inventory

All inventory (i.e., educational materials) must be obtained exclusively from ~~Adaptively Education through LMS (or from LBIS through the BC Portal if you are a renewing franchisee and you choose to continue to acquire and obtain educational~~ BCP-LMS. ~~The cost for these materials from LBIS instead is included as part of converting to the BCP-LMS).~~ Monthly Fee you pay to LBIS. ~~However, you are responsible for the cost to print the materials.~~

## Signage

All exterior signage must meet our standards and specifications and be purchased from suppliers we designate or approve.

## Marketing Materials and Services

All marketing materials must comply with our standards and requirements. We must approve your marketing materials prior to use. You must purchase branded marketing materials only from us or other suppliers we designate or approve. We may require that you contract with and utilize a ~~designated supplier~~ company we designate to: (a) develop and/or implement your grand opening marketing campaign; and/or ~~provide~~ (b) manage your social media marketing on your behalf.

## Business Coaching Services

We recommend, but do not require, that you engage a third-party business coach to help you launch and grow your business during the initial period of operations. If you choose to do so, we must approve the business coach you propose to hire. We may require that the business coach sign a confidentiality agreement to protect any confidential information received in the course of providing coaching services.

## Insurance Policies

You must obtain the insurance coverage we require (whether in the Franchise Agreement or in the Manual) from licensed insurance carriers rated A or better by Alfred M. AM Best & Company, Inc., including the following:

Policy Type	Minimum Coverage
"All risk" Property Insurance	Replacement Value
Comprehensive General Liability Insurance	\$1,000,000 per occurrence and \$2,000,000 in the aggregate
Sexual Assault and Molestation Insurance	\$100,000 per occurrence and \$300,000 in the aggregate
Business Interruption Insurance	At least 6 months
Worker's Comp & Employer Liability Insurance	As required by law
Landlord-Required Insurance	As required by lease

The required coverage and policies are subject to change. ~~All insurance policies~~ Each policy must be endorsed to: (a) name us ~~(and our members~~ owners, officers, and directors, ~~and employees)~~ as additional insureds; (b)

~~contain a waiver by the insurance carrier of~~ waive all subrogation rights against us; and (c) provide ~~that we receive at least~~ us with 10 days' prior written notice of the termination, expiration, cancellation or modification of the policy.

### **Purchase Agreements**

We try to negotiate ~~relationships with suppliers to enable our affiliates and franchisees to purchase certain items at discounted prices. If we succeed, you may purchase these items at the discounted prices we negotiate (less any rebates or other consideration paid to us).~~ purchase agreements with suppliers, including favorable pricing terms, for the benefit of franchisees. As of the date of this Disclosure Document, we have negotiated purchase agreements (including favorable pricing terms) with: (a) our affiliate, ~~Adaptively Education~~ LBIS, for BCP-LMS; and (b) an optional (but recommended) real estate professional who agreed to review and negotiate a letter of intent and commercial lease for a flat fee of \$3,500 per lease (because the lease review protects our interests as well as yours, we pay \$1,000 and you pay the remaining \$2,500).

We may also purchase items in bulk and resell them to you at our cost plus a reasonable markup (not to exceed 5% of our cost to purchase the item and deliver it to you).

Currently there are no purchasing cooperatives but we may establish them in the future. You do not receive any material benefits for using designated or approved suppliers other than having access to any discounted pricing we negotiate.

### **Franchisor and Affiliate Revenues from Source-Restricted Purchases**

We are currently an approved supplier for marketing materials and the exclusive supplier for ~~Best In Class~~ BEST IN CLASS EDUCATION CENTER<sup>®</sup> email accounts. ~~Our affiliate, Adaptively Education, is currently the exclusive supplier for LMS.~~ Our affiliate, LBIS, is currently the exclusive supplier for ~~the BC Portal~~ our proprietary BCP-LMS and the educational materials you acquire and obtain through ~~the BC Portal (if you are a renewing franchisee and you decline to transition to LMS).~~ BCP-LMS. No other person affiliated with us is currently an approved (or the only approved) supplier. We may appoint ourselves or our affiliate as an approved or designated supplier for other goods or services in the future. We and our affiliates may generate revenues a profit from these purchases. ~~We may designate ourselves and our affiliates as~~ Our officer, Hao Lam, owns an interest in LBIS. There are no other approved or designated suppliers ~~for other goods and services in the future.~~ in which any of our officers own an interest.

~~Our officers Hao Lam, Stephanie Zhu and Laura Leddusire each own an interest in Adaptively Education. Hao Lam also owns an interest in LBIS. There are no other approved or designated suppliers in which any of our officers own an interest. Except for Adaptively Education and LBIS, no person affiliated with us is currently an approved (or the only approved) supplier.~~

We may receive rebates, payments or other material benefits from suppliers based on ~~franchisee~~ your purchases and ~~we have no obligation to pass them on to our franchisees or use them in any particular manner~~ leases. As of the issuance date of this Disclosure Document, we do not have any relationships with suppliers that involve rebates, payments or other material benefits based upon franchisee purchase or leases.

During the fiscal year ended December 31, ~~2023~~ 2024, neither we nor our predecessor generated any ~~revenues~~ revenue as a result of franchisee purchases or leases ~~of goods or services from designated or approved suppliers.~~

During the fiscal year ended December 31, ~~2024~~ 2023, our affiliate, ~~Adaptively Education~~ LBIS, generated ~~\$62,718~~ 192,617.91 in ~~revenues based on~~ revenue as a result of franchisee purchases ~~and/or~~ leases. ~~All of these revenues consist of initial and ongoing fees associated with LMS.~~ The source of this information is QuickBooks accounting software used by our affiliate.

During the fiscal year ended December 31, ~~2024~~ 2023, our affiliate, ~~LBIS,~~ Adaptively Education Inc. (which was formerly, but is no longer, a system supplier) generated ~~\$169,953~~ 31,228 in ~~revenues based on~~ revenue as a result of franchisee purchases ~~and/or~~ leases. ~~All of these revenues consist of initial and ongoing fees associated with the BC Portal and the curriculum distribution fee.~~ The source of this information is QuickBooks accounting

software used by our affiliate.

## ITEM 9 FRANCHISEE'S OBLIGATIONS

This table lists your principal obligations under the Franchise Agreement (FA), [Satellite Office Addendum \(SOA\)](#), Area Development Agreement (ADA) and other agreements. It will help you find more detailed information about your obligations in these agreements and other items in this Disclosure Document.

OBLIGATION	SECTIONS IN AGREEMENT	DISCLOSURE DOCUMENT ITEM
a. Site selection and acquisition/lease	FA: 7.1 & 7.2 <del>ADA: 4.2</del> <a href="#">SOA: 3</a> <a href="#">ADA: 4.3</a>	Item 7 & Item 11
b. Pre-opening purchases/leases	FA: 7.3, 7.4, 11.6 & 16.1 <a href="#">SOA: 8</a> ADA: Not Applicable	Item 5, Item 7, Item 8 & Item 11
c. Site development and other pre-opening requirements	FA: 7.3, 7.4 & 7.5 <del>ADA: 4.2</del> <a href="#">SOA: 5</a> <a href="#">ADA: 4.3</a>	Item 6, Item 7 & Item 11
d. Initial and ongoing training	FA: 5 <a href="#">SOA: Not Applicable</a> ADA: Not Applicable	Item 6 & Item 11
e. Opening	FA: 7.5 <a href="#">SOA: 5</a> ADA: 4.1	Item 11
f. Fees	FA: 4.2, 5.4, <del>6.2</del> 5.5, 6.3, <del>6.8, 6.9</del> 6.8, 7.3, 7.5, 7.6, 8.3, 8.5, 10, 11.6, 11.8, 11.12, 11.14, 14, 16.1, 17, 20.2 & 21.1 <a href="#">SOA: 7, 8 &amp; 9</a> ADA: 5 & 7.2	Item 5 & Item 6
g. Compliance with standards and policies/Operating Manual	FA: 6.1, 7.1, 7.3, 10.3, 11 & 18.1 <a href="#">SOA: Not Applicable</a> ADA: 4.3	Item 11
h. Trademarks and proprietary information	FA: 18 <a href="#">SOA: Not Applicable</a> ADA: 2	Item 13 & Item 14
i. Restrictions on products/services offered	FA: 11.3 <a href="#">SOA: Not Applicable</a> ADA: Not Applicable	Item 16
j. Warranty and client service requirements	FA: 11.12 <a href="#">SOA: Not Applicable</a> ADA: Not Applicable	Not Applicable
k. Territorial development and sales quotas	FA: 12 <a href="#">SOA: Not Applicable</a> ADA: 4.1	Item 12
l. Ongoing product/service purchases	FA: 11.6 <a href="#">SOA: Not Applicable</a> ADA: Not Applicable	Item 8

OBLIGATION	SECTIONS IN AGREEMENT	DISCLOSURE DOCUMENT ITEM
m. Maintenance, appearance and remodeling requirements	FA: 11.7 & 11.9 <a href="#">SOA: Not Applicable</a> ADA: Not Applicable	Item 11
n. Insurance	FA: 16.1 <a href="#">SOA: Not Applicable</a> ADA: Not Applicable	Item 6 & Item 7 & Item 8
o. Advertising	FA: 10 <a href="#">SOA: Not Applicable</a> ADA: Not Applicable	Item 6, Item 7 & Item 11
p. Indemnification	FA: 19 <a href="#">SOA: Not Applicable</a> ADA: Not Applicable	Item 6
q. Owner's participation/management/staffing	FA: 8 <a href="#">SOA: Not Applicable</a> ADA: Not Applicable	Item 11 & Item 15
r. Records/reports	FA: 16.2 & 16.3 <a href="#">SOA: Not Applicable</a> ADA: Not Applicable	Item 6
s. Inspections/audits	FA: 17 <a href="#">SOA: Not Applicable</a> ADA: Not Applicable	Item 6 & Item 11
t. Transfer	FA: 20 <a href="#">SOA: 10</a> ADA: 7	Item 17
u. Renewal	FA: 4 <del>ADA: 4.4</del> <a href="#">SOA: 6</a> <a href="#">ADA: 4.5</a>	Item 17
v. Post termination obligations	FA: 22 <a href="#">SOA: Not Applicable</a> ADA: Not Applicable	Item 17
w. Non-competition covenants	FA: 15 <a href="#">SOA: Not Applicable</a> ADA: Not Applicable	Item 17
x. Dispute resolution	FA: 23 <a href="#">SOA: Not Applicable</a> ADA: 1.1	Item 17
y. Franchise Owner Agreement (brand protection covenants, transfer restrictions and financial assurance for owners and spouses)	FA: 9 & ATTACHMENT "D" <a href="#">SOA: Not Applicable</a> ADA: Not Applicable	Item 15

## ITEM 10 FINANCING

We do not offer direct or indirect financing. We do not guarantee any of your notes, leases or obligations.

## ITEM 11 FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING

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

Before you open your Center, we will:

1. Provide access to our Manual which will help you establish and operate your Center, ~~as further discussed below under "Manual". (§6.1.~~ The Manual includes 210 pages. The Table of Contents is attached as EXHIBIT "E". (§6.1 & 11.2)
2. Provide an initial training program, as ~~further~~ discussed below under "Training Program". (§5.1)
3. ~~Review and approve or disapprove~~ Evaluate sites you propose for your Center, as ~~further~~ discussed below under "Site Selection". (§7.1 & 7.5)
4. Provide our written specifications for ~~the~~ goods and services you must purchase to develop, equip and operate your Center and a list of ~~approved and/or designated~~ suppliers ~~for these goods and services.~~ We do not deliver or install any items ~~that~~ you purchase. (§11.2)
5. Assist you in developing and implementing a grand opening marketing plan for your Center, as ~~further~~ discussed below under "Advertising and Marketing". (§10.2 & 10.3(a))
6. Prepare and send you 2 alternative Site Drawings at no additional charge (you select the Site Drawing your prefer), as ~~further~~ discussed below under "Site Development". (§7.3)
7. Review and approve or disapprove the preliminary design and final construction plans prepared by your architect, as ~~further~~ discussed below under "Site Development". (§7.3)
8. ~~Review and approve or disapprove the construction~~ Evaluate your Center's design and buildout ~~of your Center~~, as ~~further~~ discussed below under "Site Development". (§7.4 & 7.5)

During the operation of your Center, we will:

1. Send a corporate trainer to your Center to provide 2 days of onsite training and operational support within 30 days after your Center opens. (~~6.3~~6.3)
2. Grant you a license to utilize ~~BCP-LMS for various purposes, including printing your initial and ongoing inventory of educational materials. If you are a renewing franchisee and choose to continue to acquire and obtain educational materials from LBIS through the BC Portal, then LBIS will continue to grant you a license to use the BC Portal and you will not be granted a license to utilize LMS. The BC Portal and LMS are~~ as discussed ~~in more detail~~ below under "Computer System". (§6.2(§1.1))
3. Provide our guidance and recommendations on ways to improve the operation of your Center. (§6.4)
4. Conduct periodic field visits to provide onsite consultation, assistance and guidance pertaining to the operation and management of your Center. There is no minimum frequency and we have sole discretion in deciding when to conduct field visits to your Center. (§6.5)
5. Administer the ~~brand and system development fund~~ Brand Fund, as ~~further~~ discussed below under "Advertising and Marketing". (§10.1)
6. Provide periodic training programs, as ~~further~~ discussed below under "Training Program". (§5.2)
7. Provide you with our suggested retail pricing. You may deviate from our suggested retail pricing in your discretion. To the extent permitted by applicable law, we may set maximum or minimum prices on the goods and services you sell. (§11.4)

During the operation of your Center, we may, but need not:

1. Maintain a corporate website to promote our brand and a local webpage with information about your Center,

as ~~further~~ discussed below under “Advertising and Marketing”. (§6.7 & 10.3)

2. Provide additional training or assistance ~~that you request (either at our headquarters or at your Center), as further, as~~ discussed below under “Training Program”. (§5.2)
3. Negotiate purchase agreements with suppliers to obtain favorable pricing. We may also purchase items in bulk and resell them to you at our cost plus shipping and a reasonable markup. (§6.8)
4. Hold periodic conferences to discuss relevant business and operational issues such as industry changes, new services and/or merchandise and marketing strategies. (§5.5)
5. Create a franchise advisory council, as ~~further~~ discussed below under “Advisory Council”. (§13)

We do not provide area developers with any support under their ADA.

### **Manual** (§6.1, 11.2 & 25.8)

~~We provide access to our Manual in electronic form during the term of the Franchise Agreement. The Manual may include, among other things:~~

- ~~• architectural plans and specifications for the design, dimensions, layout, equipping and trade dress for a prototype Center~~
- ~~• a description of the authorized goods and services you may offer and sell, including class offerings and special programs~~
- ~~• minimum qualifications and criteria for Teachers and Managers (see Item 15 for more information)~~
- ~~• specifications, techniques, methods, operating procedures and quality standards~~
- ~~• reporting and insurance requirements~~
- ~~• policies and procedures pertaining to any gift card program we establish~~
- ~~• policies and procedures pertaining to marketing and advertising~~
- ~~• policies and procedures pertaining to data ownership, protection, sharing and use~~
- ~~• a list of (a) goods and services (or specifications for goods and services) you must purchase to develop and operate your Center and (b) any designated or approved suppliers for these goods and services~~

~~The Manual is designed to establish and protect our brand standards and the uniformity and quality of the goods and services offered by our franchisees. All mandatory provisions in the Manual are binding on you. We can modify the Manual at any time, but the modifications will not alter your status or fundamental rights under the Franchise Agreement. Any modification to the Manual is effective at the time we notify you of the change. However, we may provide you with a reasonable period of time to implement certain changes (for example, implementing new software or technology). The Manual is confidential and remains our property. The Manual contains a total of 210 pages. A copy of the Table of Contents to the Manual is attached to this Disclosure Document as EXHIBIT "E".~~

### **Training Program** (§5)

#### *Initial Training Program*

We will provide a pre-opening initial training program. ~~Your~~ for your Managing Owner (you may send other owners to initial training but it is not required) and at least 1 other person (either a Manager or another owner who will actively participate in the Business). These individuals must successfully complete initial training to our satisfaction before your Center opens. ~~You may send additional owners to initial training, but it is not required. There~~ However, there is no specific period of time after signing or before opening that training must be completed. Our initial training program includes: (a) virtual training; (b) Management Training; and (c) onsite training (onsite training takes place shortly after you open).

~~Initial training lasts between 5 and 7 days. Prior to attending the initial training in Seattle, you~~ The Managing

Owner must complete ~~our~~ 2.5 hour virtual training ~~consisting of~~ prior to attending Management Training. ~~Our corporate trainers conduct virtual training via~~ video-based training ~~and video calls with our corporate trainers.~~ ~~The virtual.~~ Virtual training provides a preliminary overview of our brand and operations so ~~that you may better understand~~ the trainees have a basic understanding of the system ~~during the in-person training portion in Seattle.~~ ~~In addition to the virtual and in-person training, we also~~ before Management Training begins. ~~After the Managing Owner completes virtual training, the trainees attend 5 to 7 days of Management Training that takes place at a company-owned or franchised Center in Washington (or any other location we designate).~~ Within 30 days after your opening date, we send a corporate trainer to your Center to provide approximately 2 days of onsite training and operational assistance ~~with the opening of your Center.~~ Onsite training is an informal program where we monitor your operations and assist you with the opening operation of your Center.

The format for training may include lectures, interactive role playing, conference calls or webinars. We reserve the right to conduct all (or any portion) of the training program remotely via webinar, conference call or similar means. The training materials primarily consist of the Manual. Except for onsite assistance and the online training video, all training takes place at a company owned Center in Seattle. ~~We do not charge for training materials. We can modify the training program at our discretion based on our subjective assessment of the skills, abilities and prior experience of your Managing Owner and management personnel.~~ Washington (or at another location we designate). We intend to offer the initial training program on an as needed basis but with no minimum frequency. ~~The initial~~ Initial training ~~program consists of~~ currently covers the following topics:

### TRAINING PROGRAM

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS ON THE JOB TRAINING	LOCATION
Brand Overview	2.5	0	<u>Online</u>
History/Philosophy of Best In Class	1.5	0	<u>Washington</u> <del>Seattle</del>
Use of the Manual	0.5	0	<u>Washington</u> <del>Seattle</del>
Services Provided to Best In Class Franchisees	2.0	0	<u>Washington</u> <del>Seattle</del>
Business Planning	3.0	0	<del>Seattle</del> <u>Washington</u>
Pre-Opening Procedures	5.0	0	<del>Seattle</del> <u>Washington</u>
Talent Development	3.0	0	<del>Seattle</del> <u>Washington</u>
Advertising/Marketing	5.0	0	<del>Seattle</del> <u>Washington</u>
Curriculum	3.0	0	<del>Seattle</del> <u>Washington</u>
Management Procedures	3.5	5.0	<del>Seattle</del> <u>Washington</u> (on the job training held at WA Center of our choice)
Sales/Customer Service Procedures	3.5	5.0	<del>Seattle</del> <u>Washington</u> (on the job training held at WA Center of our choice)
Daily Operating Procedures	4.0	5.0	<del>Seattle</del> <u>Washington</u> (on the job training held at WA Center of our choice)
Operational Management	5.0	5.0	<del>Seattle</del> <u>Washington</u> (on the job training held at WA Center of our choice)

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS ON THE JOB TRAINING	LOCATION
Software Training	5.0	4.0	Seattle Washington (on the job training held at WA Center of our choice)
Total	46.5	24	

~~Post-Opening~~The training materials primarily consist of the Manual. We do not charge additional fees for training material.

#### ~~Ongoing Training Programs~~

We may ~~require that~~ offer periodic refresher or supplemental training courses for your Managing Owner and Managers ~~attend up to~~. We may designate each course as mandatory or optional (we will not require more than 5 days of ~~system-wide~~ mandatory refresher or additional supplement training courses ~~each per year~~). Any new Managing Owner you appoint or Manager you appoint or hire must successfully complete our initial training program before assuming responsibility for the management of Management Training prior to managing your Center. After your Center opens, we may (but need not) allow your Managing Owner to train new Managers you hire. If we inspect your Center and determine you are not operating your Center in compliance with the Franchise Agreement and/or the Manual, we may require that your Managing Owner and Managers attend remedial training that addresses your relevant to the operational deficiencies we observed. You may also request that we additional training, which we may (but need not) provide additional training (either at corporate headquarters or at your Center). We are not required to provide additional training you request.

#### Instructors

Our lead instructor is Laura Leddusire. Laura has worked at a company-owned Center in Washington since 2009. During the time, she held a variety of positions, including Instructor, Private Tutor, Center Manager, Operations Manager, and Vice President of Operations. Laura has served as our Vice President of Operations since August 2019 (originally with our predecessor). In 2019, Mrs. Leddusire became a co-owner of a Center in Washington. Mrs. Leddusire has a total of 44.5 years of experience in the field of education. Additional instructors may be utilized under Mrs. Leddusire's direction. Each additional instructor will have at least 1 year of experience in the relevant field.

#### Training Fees

We provide our pre-opening initial training program at no additional charge fee (the initial franchise fee is inclusive of a \$10,000 initial training fee that covers this training). As part of our initial training program, However, you must reimburse Travel Expenses we also incur to send our corporate trainer to your Center (within 30 days after your opening date) to provide 2 days of onsite training and operational support. (we estimate these expenses will range from \$1,300 to \$3,800). If you request that we send more than 1 trainer, you must pay an additional training fee of \$350 per additional trainer per day (including each work day and travel day, for a minimum of 2 days).

We may charge a management training fee of \$700 per for each person for: (a) any new Managing Owner or Manager who attends our management training program Management Training after your Center opens; and (b) you open (or for any person who retakes our management training program must retake Management Training prior to opening after failing a prior the first attempt. We). However, we will waive the management \$700 training fee if the person trainee attends a previously scheduled management training Management Training program conducted for another franchisee, (but we reserve the right to charge for any costs we incur for training materials, that would normally be covered by the \$700 training fee).

We may also charge an additional training fee of \$350 per person per day for: ~~(a) any person to whom we provide additional training you request (other than management training); and (b) any each person who attends remedial training we require based on your operational deficiencies.~~ or additional training that you request. You must also reimburse our Travel Expenses for onsite training or assistance. We do not charge ~~a~~ training fee fees for: (a) system-wide refresher or ~~additional~~supplemental training ~~programs~~courses; or (b) virtual training programs.

#### ~~Training Expenses~~

~~You are responsible for all expenses and costs your trainees incur for training, including wages, travel and living expenses. If we provide onsite training or assistance, you must reimburse us for all Travel Expenses we incur. The Travel Expense reimbursement is in addition to any applicable training fees. We estimate that our Travel Expenses to send 1 corporate trainer to your Center to provide 2 days of onsite training and operational support (during the 30-day period after opening) will range from \$1,300 to \$3,800.~~

#### **Site Selection** (§7.1 & 7.2)

A typical Center ranges in size from 1,000 to 1,500 square feet and may be located in an office or professional building or within a retail setting such as a strip mall. Ideally, the facility should be located near other shopping venues (such as grocery stores) to allow parents to run errands while the child is in class. Your Center should have between 3 and 5 classrooms with a separate reception area.

We do not select the site for your Center and we do not purchase the premises and lease it to you. You must identify and obtain our approval of the site for your Center within 120 days after signing the Franchise Agreement. ~~If you fail to do so, we~~ We may terminate your Franchise Agreement if you fail to meet this deadline or if we cannot agree on a site.

Your Center must be located within the Site Selection Area identified in Part B of ATTACHMENT "A" to the Franchise Agreement ~~(the "Site Selection Area")~~ and conform to our minimum site selection criteria. You must send us a complete site report that includes all information we require about your proposed site. We try to approve or disapprove sites within 15 days after receiving the site report. Our failure to approve a site within the 15-day period constitutes our disapproval. We consider the following factors when reviewing proposed sites:

~~We will use best efforts to approve or disapprove sites you propose within 15 days after we receive all of the requisite materials. Your site is deemed disapproved if we fail to issue our written approval within the 15-day period. In reviewing a proposed site, we consider factors such as:~~

- ~~• parking~~
- visibility, size, condition and characteristics of the building
- traffic counts and traffic patterns
- accessibility and availability of parking and security of the surrounding area
- general location and character of neighborhood
- existence and location of competitive businesses
- ~~• security~~
- ~~• general character of the neighborhood~~
- ~~various~~ local demographic information and economic indicators

~~If we approve your site before signing the Franchise Agreement, we will~~ We list the address of your approved site either: (a) in Part C of ATTACHMENT "A" to the Franchise Agreement. If (if we do not approve yourthe site before signing, we will send you the Franchise Agreement); or (b) in a Site Approval Notice (in the form attached to we send you after we approve the site (if we approve the site after signing the Franchise Agreement). If you sign an ADA, we must approve the site for each Center you develop applying our then-current site selection criteria.

~~as ATTACHMENT "B") within 15 days after approving your site, which will list the address of your approved~~

~~site and identify your territory.~~

~~We do not review the terms of your lease. If you lease the premises for your Center, you must use best efforts to cause your landlord to sign the Lease Addendum attached to the Franchise Agreement as ATTACHMENT "C". The terms of the Lease Addendum are designed to protect our interests. For example, the landlord must notify us of your defaults, offer us the opportunity to cure your defaults, allow us to take an assignment of your lease in certain situations, permit us to enter the premises to remove items bearing our Marks if you refuse to do so and give us a right of first refusal to lease the premises upon the expiration or termination of your lease. If your landlord refuses to sign the Lease Addendum in substantially the form attached to the Franchise Agreement, we may either (a) waive the Lease Addendum requirement (or the provisions disapproved by the landlord) or (b) require you to find a new site for your Center. We do not help you negotiate your lease. However, we will provide contact information for our recommended real estate attorney who you may choose to hire to help review and negotiate your lease.~~

### **Site Development** (§7.3 & 7.4)

The Manual includes our standards and specifications for the design, layout, equipping and trade dress for a Center. After ~~securing approval of~~we approve your site, you must send us complete and detailed dimensions and specifications of the leased space. After receiving this information, we prepare and send you 2 alternative Site Drawings for your consideration. You select the Site Drawing you prefer. You must hire a licensed and bonded architect that we designate or approve to prepare initial design plans and final construction plans for your Center. We must approve these plans.

~~After we approve your construction plans~~Once approved, you must construct and equip your Center according to the approved construction plans and the requirements of the Manual. We do not provide assistance with conforming the premises to local ordinances and building codes and obtaining any required permits, and/or constructing, remodeling, or decorating the premises (your architect is responsible for these obligations). We also do not control the hiring or training of your employees. You must purchase (or lease) and install the Technology Systems, equipment, fixtures, signs and other items we require.

~~You must~~We may require that you periodically remodel and ~~make all improvements and alterations to~~renovate your Center ~~that we reasonably require from time to time to reflect~~to conform to our then-current standards and specifications. There is no limitation on the cost of these ~~remodeling~~ obligations, but we will not require you to remodel or renovate your Center more than once during any 5-year period. You may not remodel or ~~significantly alter~~renovate your ~~premises~~Center without our prior approval.

~~If you sign an ADA, we must approve the site for each Center you develop applying our then-current site selection criteria.~~

### **Opening Requirements** (§7.5)

We ~~anticipate a typical franchisee~~expect most franchisees will open ~~his or her Center~~ within 4 months after signing the Franchise Agreement. Factors that may affect this time include:

- the amount of time needed to find an approved site
- protracted lease negotiations with ~~you~~the landlord
- the amount of time needed to secure financing, insurance, licenses and permits
- the condition of ~~you~~the building and extent of required upgrades, remodeling and renovations
- construction delays due to labor or materials shortages, inclement weather or other reasons
- delayed delivery or installation of equipment and fixtures
- the amount of time needed to comply with zoning requirements and other laws and regulations
- the amount of time needed to complete training
- the amount of time needed to hire and train ~~you~~ Teachers

~~You may not open your Center prior to receipt of our written authorization to open. We will not issue our~~

~~authorization to open until all of the following conditions are met:~~

- ~~• the initial trainees successfully complete the initial training program~~
- ~~• you purchase all required insurance policies and provide us with evidence of coverage~~
- ~~• you obtain all required licenses, permits and other governmental approvals~~
- ~~• we review and approve the construction, build-out, equipping and layout of your Center~~

~~We do not provide assistance with conforming the premises to local ordinances and building codes and obtaining any required permits, and/or constructing, remodeling, or decorating the premises. We also do not control the hiring or training of your employees.~~

~~Unless we agree to the contrary, you must open your Center within 180 days after signing the Franchise Agreement. We may terminate the Franchise Agreement if you fail to open by this deadline.~~

### **Satellite Office** (Satellite Office Addendum)

If you acquire the right to develop, own and operate a Satellite Office, you must obtain our approval of the site for your Satellite Office within 120 days after signing the Satellite Office Addendum. Unless we agree to the contrary, the site must be located inside your Center Territory. The same site approval procedures described above that apply to your Center will apply to your Satellite Office. ~~However, you do not need to obtain a signed Lease Addendum.~~ You must purchase (or lease) and install the Technology Systems, equipment, fixtures, signs and other items we require. In most cases, however, franchisees do not need to purchase additional equipment, fixtures, signs or supplies for a Satellite Office. Rather, the franchisee brings tablets, educational materials and other supplies used at brick-and-mortar Center to the Satellite Office for use on an as-needed basis. Franchisees may wish to purchase additional temporary signage for display at the Satellite Office during business hours, but it is not required. The same opening procedures described above for your Center also apply to your Satellite Office, including the deadline to: ~~(a) find an approved site for the Satellite Office (120 days after signing the Satellite Office Addendum); and (b) open the Satellite Office (180 days after signing the Satellite Office Addendum).~~ Only franchisees with an established brick-and-mortar Center are eligible to purchase a Satellite Office. ~~A Satellite Office cannot be purchased at the same time as your purchase of your initial Center.~~

### **Advertising and Marketing** (§10)

~~We provide the advertising and marketing support discussed below.~~ You must participate at your own expense in all advertising, promotional and marketing programs we require. You must develop a strong network of relationships within your community and with your local school districts. You are not required to participate in an advertising cooperative. There is currently no franchisee advertising council that advises us on marketing and advertising matters.

#### *Our Advertising Obligations*

We may periodically create advertising and marketing materials for your use. We may: (a) use the Brand Fund to pay for the creation and distribution of these materials, in which case there will be no additional charge; (b) provide online access to these materials, in which case you must print the materials at your expense; or (c) contract with third-party suppliers to create advertising or marketing materials that you may purchase. As discussed below we will: (a) assist you in developing and implementing your grand opening marketing plan; and (b) provide a \$5,000 allowance towards your grand opening marketing activities if you are a United States Veteran or Qualified Educator. We have no other obligation to conduct advertising for the franchise system.

#### *Grand Opening Marketing*

We will assist you in developing a grand opening marketing plan to promote the opening of your Center. You pay us a \$10,000 grand opening marketing fee, which we spend in accordance with the jointly-developed grand opening marketing plan over a 6-month period, ~~completing that ends~~ no later than 2 months after your grand opening. We may ~~require that you utilize a marketing company we designate to design and implement~~ also provide an additional \$5,000 allowance towards your customized grand opening marketing plan activities if you are a United States Veteran and/or a Qualified Educator (as defined in Item 5). There is no obligation to spend any minimum amount of money on a grand opening or pay us a grand opening marketing fee for a Satellite

Office. ~~For United States Veterans and Qualified Educators, we will provide an additional \$5,000 allowance toward grand opening marketing activities to promote your Center, which will be utilized during the 6 month period described above. If you are both a United States Veteran and Qualified Educator, you will only receive the \$5,000 allowance (not \$10,000).~~

#### *Ongoing Local Marketing By You*

After the end of your grand opening period, you must spend a minimum monthly amount equal to your Local Marketing Commitment on local advertising. The Local Marketing Commitment is: (a) \$1,500 per month for the 2<sup>nd</sup> through the 12<sup>th</sup> month after opening; and (b) the greater of \$1,000 per month or 4% of your monthly Gross Sales for the remainder of the term. ~~You must send us monthly reports detailing your expenditures on local advertising.~~ There is no Local Marketing Commitment applicable to a Satellite Office.

You may develop your own advertising and marketing materials and programs, ~~provided but~~ we must approve them ~~in advance prior to use~~. We must also approve the media you intend to use. You may not use any advertising materials, programs or media that we have not approved. ~~We have 10 business days to review and approve or disapprove advertising and marketing materials and programs you submit for approval. Our failure to disapprove them within the 10 business day period constitutes our approval (we reserve the right to disapprove materials and programs we previously approved).~~

#### *Local Marketing Assistance From Us*

~~We provide reasonable marketing consulting, guidance and support throughout the franchise term on an “as-needed” basis. As discussed above, we will assist you in developing and implementing your grand opening marketing plan. We may create and make available to you additional advertising and marketing materials for your purchase. We may use the brand and system development fund to pay for the creation and distribution of these materials, in which case there will be no additional charge. We may make these materials available over the Internet, in which case you must arrange for printing the materials and paying all printing costs. Alternatively, we may enter into relationships with third party suppliers who create advertising or marketing materials for your purchase. We are not required to spend any amount on advertising in your territory.~~

#### *Websites, Social Media and Digital Advertising*

We maintain a corporate website to promote our brand. We will also create and host a local webpage to promote your Center, which will be linked to our corporate website. We can modify or discontinue ~~this our~~ website ~~(and/or your local Center’s webpage)~~ at any time.

Under current policy, you may not: (a) develop, host, or otherwise maintain a website ~~(or other digital presence relating to your Center (including any website))~~ bearing our Marks); (b) utilize the Internet to conduct digital or online advertising ~~without prior authorization~~; or (c) engage in ecommerce. However, we do permit you to market your Center through approved social media channels, subject to the following requirements:

- you may only conduct social media utilizing ~~the~~ social media platforms ~~that~~ we approve
- you must strictly comply with our social media policy ~~(, as revised from time to time)~~
- you must immediately remove any post we disapprove ~~(even if it complies with our social media policy)~~
- we may require that you contract with and utilize a ~~supplier~~ social media company we designate for social media marketing services
- you must provide us with full ~~administrative~~ administrator rights to your social media accounts
- we ~~will own~~ must retain ownership of all social media accounts relating to your Center

Our current social media policy is attached to this Disclosure Document as EXHIBIT "H"-5. You must sign a copy to acknowledge your agreement to its terms. We may include our social media policy in the Manual and you must comply with the most current version (we are not required to have you sign a new or amended agreement acknowledging your agreement to its terms).

#### *Gift Card Program*

We may require that you participate in a gift card program in accordance with our policies and procedures. In order to participate, you may be required to purchase additional equipment, software and/or Apps and pay fees relating to the use of that equipment, software and/or Apps. We have the right to determine how proceeds from gift cards sales are divided or otherwise accounted for and we may retain proceeds from unredeemed gift cards. You must follow all of our policies regarding any gift card program we establish.

#### *Brand and System Development Fund*

We ~~have established and~~currently administer a ~~brand and system development fund~~Brand Fund to promote public awareness of our brand and improve our System. We may use the ~~fund~~Brand Fund to pay for any of the following ~~in our discretion:~~

- developing ~~maintaining, distributing or~~ administering, ~~directing, preparing, or reviewing~~ advertising and marketing materials, ~~promotions~~ and programs
- conducting and administering promotions, contests or giveaways
  - ~~expanding public awareness of the Marks~~
- public and consumer relations and publicity
- brand development
  - ~~sponsorships~~
- and charitable and nonprofit donations and events
- research and development of technology, products and services
- website development and search engine optimization
- development ~~and~~ maintenance and promotion of an ecommerce platform
- development and implementation of quality control programs, ~~including the use of mystery shoppers or customer satisfaction surveys~~
- conducting market research
- reimbursing us for costs we incur to host franchisee conferences
- changes and improvements to the System
- ~~the fees and expenses of any~~charged by advertising agency/agencies we engage to ~~assist in producing or conducting advertising or provide~~ marketing efforts/services
  - ~~collecting and accounting for contributions to the~~brand fund
- fees and preparing ~~and distributing~~ financial accountings of the ~~fund~~Brand Fund
- any other programs or activities we deem appropriate to promote or improve the System
- ~~direct and indirect labor, reimbursing us for~~ administrative, overhead and other expenses ~~incurred by us and/or our affiliates in relation to any of these activities (we incur to administer the Brand Fund, including salary, benefits and other compensation of any of our, and any of our affiliate's, officers, directors, employees or independent contractors based upon paid to our personnel for~~ time spent working on any brand fund/Brand Fund matters ~~described above)~~
  - ~~expenses in connection with holding national or regional conferences, including: (a) costs we incur to engage speakers to speak at national or regional conferences, including reimbursement of the speaker's expenses for travel, lodging, meals and other costs directly incurred by the speaker in connection with attending national or regional conferences; (b) costs we incur to book the hotel or~~

~~reserve the venue; (c) costs we incur to provide food and beverage to conference attendees; (d) any other out-of-pocket costs we would otherwise incur to host national or regional conferences; and (e) the room and board costs incurred by conference attendees~~

We direct and have complete control and discretion over all advertising programs paid for by the ~~fund~~Brand Fund, including the creative concepts, content, materials, endorsements, frequency, placement and media used ~~for the programs. Currently, most advertising is intended to~~ Advertising any be local, regional or national in coverage and ~~may~~ utilize any media we deem appropriate, including digital, print, television, radio and billboard media. The source of advertising will be in-house as well as through a regional advertising agency that we engage. The ~~fund~~Brand Fund will not be used to pay for advertisements principally directed at selling additional franchises, although consumer advertising may include notations such as “franchises available” and one or more pages on our website may promote the franchise opportunity.

You must ~~contribute to pay~~ the ~~fund the amount~~Brand Fund fee we specify from time to time. The current ~~contribution~~Brand Fund fee is the sum of (a) 2% of Gross Sales (we may increase this amount to 3% upon ~~at least~~ 180 days’ prior notice) and (b) 1% of Special Program Sales. ~~We will deposit into the fund all: (a) fund contributions paid by you and other franchisees; and (b) fines paid by you and other franchisees. Any company~~Company-owned Centers contribute to the ~~fund~~Brand Fund on the same basis as ~~our~~ franchisees. However, if we modify the amount or timing of ~~the required~~ contributions ~~that must be made to the fund~~, any company-owned Center ~~that is~~ established or acquired after the modification may contribute to the ~~fund~~Brand Fund utilizing the modified amount or timing. Except as stated in this paragraph, we have no obligation to expend our own funds or resources for any marketing activities in your area.

All monies deposited into the fundBrand Fund that are not used in the fiscal year in which they accrue will be utilized in the following fiscal year. Any surplus of monies ~~in the fund~~ may be invested and we may lend money ~~to the fund~~ if there is a deficit. An unaudited financial accounting of ~~the operations of the fund~~Brand Fund contributions and expenditures will be prepared annually and made available to you upon request. During the fiscal year ended December 31, ~~2024 we~~2023, our predecessor spent the marketing funds in the following manner:

Allocation of Marketing Expenditures ( <del>2024</del> <u>2023</u> )				
Use of Funds	Production	Media Placement	Administrative Expenses	Other
Percentage Allocation	<u>51.14%</u>	<del>29</del> <u>26.47%</u>	<del>20</del> <u>22.39%</u>	<u>0%</u>

~~We assume no direct or indirect liability or obligation to you with respect to the maintenance, direction or administration of the fund.~~ The ~~fund~~Brand Fund is not a trust ~~and we~~ We have no fiduciary obligations ~~or liability to you~~ with respect to our administration of the ~~fund~~ Brand Fund. ~~Once established, we may discontinue the fund at any time upon at least~~Brand Fund on 30 days’ ~~prior~~ notice.

**Advisory Council** (§13)

We may, but need not, create a franchise advisory council to provide us with suggestions to improve the System, including matters such as marketing, operations ~~and/or~~ new ~~product~~products or ~~service suggestions~~services. We would consider ~~all~~ suggestions in good faith, but would not be bound by them. The council would be established and operated according to rules and regulations we periodically approve, including procedures governing the selection of council representatives to communicate with us on matters raised by the council. You would have the right to be a member of the council as long as you ~~are not in default under the~~comply with your Franchise Agreement and ~~you~~ do not act in a disruptive, ~~or~~ abusive ~~or counter-productive~~ manner, as determined by us in our discretion. As a member, you would be entitled to all voting rights and privileges granted to other council members ~~of the council~~. Any company-owned Center would also be a member of the council. Each member would be granted 1 vote on all matters on which members are authorized to vote. We would have the power to form, change or dissolve the advisory council in our discretion.

**Computer System** (§~~6.8~~1.1, 11.6, 11.7, 11.8, 16.3 & 17.1)

You must purchase and use all Technology Systems we designate from time to time. ~~Our required Technology~~

~~Systems may include computer systems, point-of-sale systems, learning systems, printing systems, webcam systems, telecommunications systems, security systems, music systems, and similar systems, together with the associated hardware, software (including cloud-based software) and related equipment, software applications, mobile apps and third-party services relating to the establishment, use, maintenance, monitoring, security or improvement of these systems.~~

~~One component of our Technology Systems is your “You must purchase a computer system,” which consists of that includes the following ~~items~~: components:~~

- ~~• minimum of 1 desktop, 2 laptops and 2 tablets with high-speed internet access;~~
- ~~• 2 printers (one large and one small);~~
- ~~• Microsoft Office (recent edition); accounting software; Adaptively Learning Management System (or BC Portal software system if you are a renewing franchisee and decline to transition to)~~
- ~~• QuickBooks Online~~
- ~~• BCP-LMS~~

We may change the ~~components of the~~required Technology Systems from time to time, including your computer system.

#### *How Computer System Is Used*

#### ~~*Email Addresses*~~

~~We will provide you with 1 Best In Class email address for use with your Center at no additional charge. You will use the computer system to: register and enroll students; manage student and parent contact information; track student performance; maintain student records; access and print educational materials; administer digital curriculum for students enrolled in virtual/online courses; prepare mass emails and mailings; perform accounting and electronic invoicing functions; process payments; and prepare operational reports. The computer system also includes self-scheduling and billing features for parents and provides real-time metrics and reports.~~

We provide you with 1 BEST IN CLASS EDUCATION CENTER® email address at no additional charge. If you require more than 1 email, we may charge you all costs we incur to procure each additional email address and account you require. You must exclusively use the email address(es) we provide for all communications with us, parents, students, suppliers and other persons relating to your Center. You may not use ~~any email address we provide~~them for any purpose unrelated to your Center. We ~~will~~ own the email addresses and accounts but allow you to use them during the term of your Franchise Agreement.

#### *How Computer System Is Used*

~~The computer system will generally be used for student registration, tracking of student performance, maintaining student records, preparing mass emails and mailings, performing accounting and electronic invoicing functions, and preparing operational reports.~~

~~You will also use your computer system to access LMS. You will use LMS to conduct online and in-person classes. The system delivers math, English and, if applicable, STEM curriculum and includes self-scheduling and billing features for parents. It also provides real-time metrics and reports. If you are a renewing franchisee and decline to transition to LMS, then you will continue to use the BC Portal to download and print educational materials.~~

#### *Fees and Costs*

We estimate the initial cost of your computer system (excluding the LMSSystems Implementation Fee) will range from \$2,000 to \$3,000 (assumes you lease and do not purchase a large printer). You must also pay the \$2,000 LMSSystems Implementation Fee for the initial setup and configuration of LMS.

BCP-LMS (fee does not apply to renewing franchisees). As further detailed in Item 6, you pay ~~us~~: (a) monthly technology fees to us for certain software, technology and related services that we (or our affiliate) provide. ~~As of the issuance date of this Disclosure Document, we charge a technology fee calculated as \$10 per month~~

(\$120 per year) for each additional (currently 1 email account ~~you request in excess of 1.~~

~~You must also pay ongoing LMS Licensing and a license to Google suite products); and (b) BCP-LMS Monthly Fees calculated as \$8 per student per subject per month. The LMS Licensing Fee may be increased upon 90 days' prior notice, but will not exceed \$15 per student per month during the initial term of the Franchise Agreement.~~

~~If you are a renewing franchisee and choose to continue to purchase educational materials from to LBIS through the BC Portal, then you do not pay LMS Licensing Fees, but instead pay comparable fees for the for use of the BC Portal. If you operate a Legacy Center, you will continue to pay a monthly Legacy Center Licensing Fee. The Legacy Center Licensing Fee will increase by \$1 every January 1st until it is equal to the LMS Licensing Fee. If you operate a RLP Center, you will continue to pay a monthly RLP Center Licensing Fee. The RLP Center Licensing Fee may be increased upon 30 days' prior notice, but will not exceed \$15 per student per subject per month during the term of the Franchise Agreement. If you choose to migrate to LMS, or LBIS elects to discontinue the BC Portal, you must begin paying LMS Licensing Fees.~~

BCP-LMS. The table below identifies the ongoing fees and costs you pay for software, technology, Apps, subscriptions and related services (including software, technology and related services covered by the technology fee):

COMPUTER SYSTEM – ONGOING FEES AND COSTS			
Item	Fee (Monthly)	Fee (Annual)	To Whom Paid?
Technology Fee <del>and Additional Email Addresses</del>	Up to \$200 (currently \$100) plus <u>\$10 per <del>extra email</del> address <del>in excess of 1</del></u>	Up to \$2,400 (currently \$1,200) plus <u>\$120 per <del>email</del> address <del>in excess of 1</del></u>	Us
LMS Licensing Fee (per student per subject per month)	Up to \$15 (currently \$8)	Up to \$180 (currently \$96)	Us or Affiliate
Curriculum Distribution Fee <u>BCP-LMS Monthly Fees*</u>	<u>Sum of:</u> <u>(a) Monthly Student User Fees (up to \$15/ student/ subject/month – currently \$8);</u> <u>(b) 2% of the difference between your Gross Sales minus your Enrichment Sales <del>from the prior month plus; and</del></u> <u>(c) 1% of your Special Program Sales <del>from the prior month</del></u>	<u>Sum of:</u> <u>(a) Monthly Student User Fees (up to \$180/ student/ subject/month – currently \$96);</u> <u>(b) 2% of the difference between your Gross Sales minus your Enrichment Sales <del>from the prior month plus; and</del></u> <u>(c) 1% of your Special Program Sales <del>from the prior month</del></u>	Us or Affiliate
Legacy Center Licensing Fee (per student per subject per month) <u>QuickBooks Online**</u>	Up <u>\$50</u> to \$15 (currently \$4) <u>80</u>	Up <u>\$600</u> to \$180 (currently \$48) <u>960</u>	Us or Affiliate <u>Third-Party Licensor</u>
RLP Center Licensing Fee (per student per subject per month)	Up to \$15 (currently \$8)	Up to \$180 (currently \$96)	Us or Affiliate

~~\*A “subject” refers to Math, English or STEM.~~

\* For purposes of calculating BCP-LMS Monthly Fees a “subject” refers to Math, English or STEM. If the number of subjects taken by a student changes during a month, you pay a Monthly Student User Fee based on the total number of subjects taken by the student during the month, regardless of how many subjects are taken by the student at any given point in time during the month.

\*\* Monthly fee varies depending on the specific version and features you select and is subject to change.

#### Maintenance, Support, Updates and Upgrades

We are not aware of any optional or required maintenance, updating, upgrading or support contracts relating to your computer system. In exchange for the monthly fees listed above, our ~~affiliates will provide~~affiliate provides all necessary maintenance, support, updates and upgrades for LMS and the BC Portal.

Except as ~~otherwise disclosed above: (a) stated in the preceding sentence,~~ neither we nor any other party has any obligation to provide ongoing maintenance, repairs, upgrades or updates to your computer system; ~~and (b) we are not aware of any optional or required maintenance, updating, upgrading or support contracts relating to your computer system.~~

#### *Collection and Sharing of Data*

Your computer system collects data regarding your students’ records, invoices and financial transactions. We have independent unlimited access to this data. There are no contractual limits imposed on our access.

~~We own all data relating to your operations and all data relating to your students and their parents. We grant you a license to use this data solely for purposes of operating your Center. You must protect all student and parent personal data with a level of control proportionate to the sensitivity of data. You must comply with all applicable data protection laws and all data processing and privacy policies in the Manual. You must also comply with the standards established by PCI-DSS to protect the security of credit card information.~~

#### *Computer System Maintenance and Changes*

You must maintain the computer system in good condition at your cost. We may require that you upgrade ~~or~~ update or otherwise change your computer system and other Technology Systems to conform to our then-current specifications. There ~~are~~is no contractual ~~limitations~~limitation on the frequency or cost of these updates ~~or~~ upgrades or changes.

## ITEM 12 TERRITORY

### Location of Your ~~Business~~Center

Each Franchise Agreement grants you the right to operate one Center from the site we approve. You must identify a site for your Center within the Site Selection Area described in your Franchise Agreement. We must also approve the site of any Satellite Office you develop.

You may relocate your Center with our prior written approval, which we will not unreasonably withhold. If we allow you to relocate, you must: (a) obtain our approval of the site for your new Center within the Site Selection Area (but outside any territory ~~granted or reserved to us, our affiliate or any other franchisee~~assigned to another Center); (b) pay us the \$1,000 relocation fee for each new site you propose; (c) comply with our then-current site selection and development requirements; and (d) open your new Center and resume operations within 30 days after closing your prior Center. You would have similar relocation rights for any Satellite Office you operate.

### ~~Your~~Description of Territory (Franchise Agreement)

We will identify the boundaries of your Center Territory, which will include between 15,000 and 18,000 students between the ages of 5 and 17 (we generate this data using Intellevue). ~~If we approve your site before you sign the Franchise Agreement, we will identify~~We describe your Center Territory either: (a) in Part D of ATTACHMENT "A" to your~~the Franchise Agreement (if we approve the site for your Center before signing the~~

Franchise Agreement. ~~If we do not approve your site before you sign, then we will identify your Center Territory); or (b) in the~~ Site Approval Notice we send you after ~~approving your~~ we approve the site for your Center (if we approve the site- after signing the Franchise Agreement).

If you purchase the right to develop a Satellite Office located inside your Center Territory, then the territory for your Satellite Office (your “Satellite Office Territory”) will consist of the same geographic area that comprises your Center Territory. If you purchase the right to develop a Satellite Office located outside your Center Territory, then we will designate a separate Satellite Office Territory that: (a) will include between 7,500 and 9,000 students between the ages of 5 and 17; and (b) must be located adjacent to your Center Territory. If your Satellite Office Territory is undetermined when you sign the Satellite Office Addendum, then within 15 days after we approve the site for your Satellite Office, we will send you a Territory Approval Notice (in the form attached to the Satellite Office Addendum as ATTACHMENT “C”) that identifies the boundaries of your Satellite Office Territory.

We do not modify your Center Territory or Satellite Office Territory (if applicable) during the term of the Franchise Agreement or Satellite Office Addendum, respectively, based on changes in student population. Upon renewal, we reserve the right to modify your Center Territory or Satellite Office Territory (if applicable) in accordance with our then-current territory guidelines and criteria.

### Description of Development Territory (ADA)

If you sign an ADA, we grant you a protected development territory (your “Development Territory”) that will be described in Part D of ATTACHMENT "A" to your ADA. A Development Territory typically consists of a geographic area that coincides with the boundaries of a municipality, such as a city, county or state. There is no specific minimum or maximum size for a Development Territory. In determining the size of your Development Territory, we primarily consider the number of Centers you commit to develop.

You must sign a separate Franchise Agreement for each Center you develop. Each Center must be located in the Development Territory. We must approve the location of each Center you develop according to our then-current site selection criteria. At least 7 days before signing, we will send you a complete execution copy of the ADA that includes your Development Territory, development fee and development schedule.

### Territorial Protections and Limitations

You will not receive an exclusive Center Territory ~~or~~ Satellite Office Territory or Development Territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control. ~~Although we do not grant exclusive territories, we do grant you certain territorial protections. Specifically, during~~

During the term of your Franchise Agreement and, ~~if applicable,~~ Satellite Office Addendum; (if applicable) we will not develop or operate, or license a third party to develop or operate, a Center or a Satellite Office using that uses our Marks ~~that~~ and is ~~physically~~ located within your Center Territory or Satellite Office Territory, respectively, except as otherwise permitted below with respect to Acquisitions (defined below).

### Your Development Territory (ADA)

~~If you sign an ADA, we grant you a protected development territory (your “Development Territory”). All Centers you develop under the ADA must be located within your Development Territory. During—A Development Territory typically consists of a geographic area that coincides with the boundaries of a municipality, such as a city, county or state. There is no specific minimum or maximum size for a Development Territory. In determining the size of your Development Territory, we primarily consider the number of Centers you commit to develop.~~

~~You will not receive an exclusive Development Territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control. Although we do not grant exclusive Development Territories, we do grant you certain territorial protections. Specifically, during~~ the term of the ADA we will not develop or operate, or license a third party to develop or operate, a Center or a Satellite Office using that uses our Marks ~~that~~ and is ~~physically~~ located within your Development

Territory ~~except other than~~: (a) ~~for any Centers~~ Center or Satellite ~~Offices that are~~ Office located within your Development Territory as of the date you sign the ADA (either open, under construction or for which a Franchise Agreement or Satellite Office Addendum has been signed); and (b) as otherwise permitted below with respect to Acquisitions.

~~You must sign a separate Franchise Agreement for each Center you develop under the ADA. We must approve the location of each Center you develop according to our then current site selection criteria. At least 7 days before signing, we will send you a complete execution copy of the ADA that includes your Development Territory, development fee and development schedule.~~

### Limitations on Territorial Rights

We reserve the right to acquire, or be acquired by, another business or chain that may sell competitive or identical goods or services, and those businesses may be converted into Centers and/or Satellite Offices operating under the Marks regardless of their location (an “Acquisition”). Any such acquired or converted businesses may be located within your Center Territory, Satellite Office Territory and Development Territory, as applicable.

### Alternative Channels of Distribution

We reserve the right to sell, and license others to sell, competitive or identical goods and services (whether under the Marks or under different trademarks) through Alternative Channels of Distribution, including within your Center Territory, Satellite Office Territory and Development Territory, as applicable. An “Alternative Channel of Distribution” means any channel of distribution other than retail sales made to students or their parents while present at a Center or Satellite Office. Examples of Alternative Channels of Distribution include: (a) the sale of educational products (such as educational DVDs, software programs, curriculum, tapes or books) through direct marketing (such as over the Internet or through catalogs or telemarketing) or from outlets other than a Center or Satellite Office (such as retail stores, schools or other educational facilities); (b) the sale of educational products or programs (including licensing of LMS) to school districts, home school organizations, non-profit organizations and other businesses that do not operate under the Marks; (c) the sale of educational products or services at wholesale; and (d) providing “on-site” tutoring or educational classes at schools or at students’ homes. You are not entitled to any compensation for sales that take place through Alternative Channels of Distribution.

### Restrictions on Your Sales and Marketing Activities

You may not engage in targeted marketing directed outside your Center Territory or Satellite Territory, ~~(if applicable).~~ Marketing that is distributed, circulated or received both within your territory and outside your territory is not ~~considered~~ “targeted marketing” ~~directed outside your territory~~ if: (a) you use reasonable efforts to limit the circulation or distribution of the advertising to areas within your territory; and (b) ~~the majority of~~ the most recipients of the advertising are located within your territory and there is only incidental circulation or distribution outside your territory. The meaning of “targeted marketing” that is “directed outside your territory” may be further defined in the Manual, ~~but examples~~. Examples include direct mail sent to addresses outside your territory, digital advertising sent to devices with IP addresses registered outside your territory and ~~setting up~~ conducting promotional events ~~that take place~~ outside your territory.

You may not market or sell using Alternative Channels of Distribution (such as the Internet or a website, catalog sales, telemarketing or other direct marketing) either within or outside ~~of~~ your Center Territory, Satellite Office Territory or Development Territory, as applicable. However, we do permit you to market through social media subject to the restrictions described in Item 11 under the Section entitled “*Websites, Social Media and Digital Advertising*”.

There are no other restrictions on your right to solicit students or parents, whether from inside or outside of your Center Territory, Satellite Office Territory or Development Territory, as applicable.

### Minimum Performance Requirements (Franchise Agreement)

You must use best efforts to achieve the following minimum average monthly Total Sales:

Measuring Period (commencing with opening date)	Minimum Average Monthly Total Sales*
Months 1 through 12	\$6,000 per month
Months 13 through 24	\$9,000 per month
Months 25 through 36	\$12,000 per month
Months 37 through 48	\$13,500 per month
Months 49 through end of initial term	\$15,000 per month

\* We review your compliance with the monthly minimum performance requirements on a quarterly basis, meaning your failure to achieve the minimum monthly Total Sales for a given month will not be a default as long as your average monthly Total Sales over the 3-month review period equals or exceeds the minimum required average monthly Total Sales amount. We may change our review period at any time. For purposes of determining your compliance, we only consider Total Sales generated by your Center and do not consider Total Sales generated by any Satellite Office you own. When you renew, you will be subject to any minimum performance requirement in effect at the time of renewal.

If you fail to achieve the minimum performance requirement and you are not dedicating full-time efforts to your Center (i.e., you are not physically present at your Center during all hours of operation), then we have the right (but not the obligation) to either: (a) terminate your Franchise Agreement; or (b) modify or eliminate your territorial protections. We will not terminate your Franchise Agreement solely on the basis of your failure to achieve the minimum performance requirement if you are dedicating full-time efforts to your Center (i.e., you are physically present at your Center during all hours of operation).

There is no minimum performance requirement applicable to Satellite Offices.

### **Minimum Performance Requirements (ADA)**

If you sign an ADA and fail to satisfy your development schedule by opening and operating the prescribed number of Centers within the required period of time, we may terminate your ADA. However, if you need to extend a development deadline, we will grant you a single 90-day extension for the development of that Center in exchange for a \$2,500 extension fee. The extension option may be used a maximum of 4 times (i.e., 360 days maximum extension). You must pay us a separate extension fee for each extension.

### **Additional Franchises and Territories**

You are not granted any options, rights of first refusal or similar rights to acquire additional territories or franchises, other than your right and obligation to develop the prescribed number of Centers within your Development Territory if you sign an ADA. However, we may in our discretion grant you the right to develop, own and operate one or more Satellite Offices if you request the right to do so.

### **Competitive Businesses Under Different Marks**

~~Our affiliate, Adaptively Education, currently licenses a program similar to LMS to school districts, charter schools, home school organizations, non-profit organizations and other businesses that do not operate under the Marks. The program allows these organizations to provide educational services to their constituents that are similar to the educational services provided at Centers utilizing LMS. The program is licensed under the name "Adaptively". Adaptively Education does not solicit or directly contract with students or families for purposes of providing educational services. All students and families that contact Adaptively Education are referred to the closest Center. Adaptively Education does not offer franchises. Adaptively Education's principal business address is 2100 E. Spruce St. Seattle, [Neither](#) Washington 98122. Because Adaptively Education does not directly compete with franchisees or solicit families or students within any Center Territory, Satellite Office Territory or Development Territory, we do not anticipate any conflicts between Adaptively Education and our franchisees.~~

~~Except as otherwise disclosed above, neither~~ we nor any affiliate of ours intends to operate or franchise another business under a different trademark that sells products or services similar to the products or services offered by

a Center. However, we reserve the right to do so in the future.

### ITEM 13 TRADEMARKS

~~We grant you the right to operate a Center under the name “Best In Class Education Center” and the associated logo. By trademark, we mean trade names, trademarks, service marks and logos used to identify your Center or the products or services you sell. We may change the trademarks you may use from time to time, including by discontinuing use of the Marks listed in this Item 13. If we require you to discontinue use of any of our primary Marks, we will reimburse you for your tangible costs of compliance (e.g., changing brochures, business cards, etc.). We have no other liability to you for changing the Marks.~~

Our affiliate ~~Adaptively Education~~[HL Media, LLC \(“HL Media”\)](#) owns the following trademark that has been registered on the Principal Register of the United States Patent and Trademark Office:

REGISTERED MARKS		
Mark	Registration Number	Registration Date (Renewal Date)
BEST IN CLASS EDUCATION CENTER	4,112,774	March, 13, 2012 (September 8, 2022)

All required affidavits have been filed and we have filed all required renewals.

~~You must notify us immediately if you discover an infringing use (or challenge to your use) of the Marks. We will take the action we think appropriate. We are not required to take any action if we do not feel it is warranted. The~~[You may not control any proceeding or litigation relating to our Marks.](#)

~~We may change the trademarks you may use from time to time, including by discontinuing use of the Marks listed in Item 13. If we require you to discontinue use of our primary Mark (i.e., BEST IN CLASS EDUCATION CENTER®), we will reimburse you for your tangible costs of compliance (e.g., changing brochures, business cards, etc.). We have no other liability to you for changing the Marks.~~

~~The Franchise Agreement does not require that we: (a) protect your right to use the Marks; (b) protect you against claims of infringement or unfair competition arising out of your use of the Marks; or (c) participate in your defense or indemnify you for expenses or damages you incur if you are a party to an administrative or judicial proceeding involving our Marks or if the proceeding is resolved in a manner unfavorable to you.~~

~~There are currently no: (a) effective material determinations of the Patent and Trademark Office, the Trademark Trial and Appeal Board, the trademark administrator of this state or any court; (b) pending infringements, oppositions or cancellations; was originally registered by our founder, Hao Lam, and subsequently assigned to Adaptively Education. (c) pending material litigation matters involving any of the Marks; or (d) infringing uses we are aware of that could materially affect your use of the Marks.~~

On ~~March 21, April 11, 2025~~2023, we entered into an Intellectual Property License Agreement with ~~Adaptively Education~~[HL Media](#) (the “License Agreement”). Under the terms of the License Agreement, ~~Adaptively Education~~[HL Media](#) granted us the right to use ~~the Marks in the Best In Class Education Center System~~ and sublicense the Marks to our franchisees. The initial term of the License Agreement is 5 years, and then automatically renews for additional 5-year renewal terms unless terminated in accordance with its terms. ~~Adaptively Education~~[HL Media](#) may terminate the License Agreement only if we: (a) declare bankruptcy or become insolvent; (b) breach ~~Adaptively Education’s~~[HL Media’s](#) quality control standards and fail to cure the breach within a 60-day cure period; or (c) consent to the termination. If the License Agreement is terminated, it states all sublicenses granted by us to our franchisees will continue in full force and effect until the expiration or termination of the applicable franchise agreement. No other agreements limit our right to use or sublicense use of the Marks.

~~You must follow our rules when using the Marks. You cannot use the Marks as part of a corporate name or with modifying words, designs, or symbols unless you receive our prior written consent. You cannot use the Marks relating to the sale of any product or service we have not authorized. We do not license to you, or allow you to~~

~~use, any other Marks owned by our affiliates, such as “Adaptively”.~~

~~You must notify us immediately if you discover an infringing use (or challenge to your use) of the Marks. We will take the action we think appropriate. We are not required to take any action if we do not feel it is warranted. We may require your assistance, but you may not control any proceeding or litigation relating to our Marks. You must not directly or indirectly contest our or Adaptively Education’s right to the Marks.~~

~~The Franchise Agreement does not require that we: (a) protect your right to use the Marks; (b) protect you against claims of infringement or unfair competition arising out of your use of the Marks; or (c) participate in your defense or indemnify you for expenses or damages you incur if you are a party to an administrative or judicial proceeding involving our Marks or if the proceeding is resolved in a manner unfavorable to you.~~

~~There are currently no: (a) effective material determinations of the Patent and Trademark Office, the Trademark Trial and Appeal Board, the trademark administrator of this state or any court; (b) pending infringements, oppositions or cancellations; or (c) pending material litigation matters involving the Marks. We are not aware of any infringing uses that could materially affect your use of the Marks.~~

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

No patents or pending patent applications are material to the franchise.

Although we have not filed an application for copyright registration for ~~the~~our Manual, ~~our~~ website or ~~our~~ marketing materials, we do claim a copyright to these items.

During the term of the Franchise Agreement, we allow you to use certain confidential and proprietary information (some of which may constitute “trade secrets”) relating to the development, marketing and operation of a Center. Examples include:

- architectural plans, drawings and specifications for a prototype Center
- site selection criteria
  - ~~methods and~~ techniques
- , policies, procedures, standards and specifications
  - ~~policies and procedures~~
- supplier lists, customer lists and information regarding suppliers and customers
  - ~~marketing strategies~~
- and merchandising strategies
  - ~~financial information~~
- information comprising the System

We own all ideas, improvements, inventions, marketing materials and other concepts you develop relating to a Center. We also own all operational and customer data (i.e., data pertaining to students and parents) and operational data relating ~~operational data relating~~ pertaining to your Center. You must treat this data as confidential and proprietary. We license you the right to utilize ~~use~~ this data during the term of your Franchise Agreement. ~~We consider all information~~ You must comply with all applicable data protection laws and our data processing and data privacy policies in the Manual ~~to be confidential.~~

We provide access to our confidential information through the Manual, training programs and other periodic support and guidance. You may use this information solely for purposes of developing, marketing and operating your Center in compliance with the Franchise Agreement and Manual. All information in the Manual is confidential. You may not disclose our confidential information to ~~any person (anyone~~ other than your employees, on a need-to-know basis), without our prior permission. All your employees and representatives must sign the Confidentiality Agreement attached to the Franchise Agreement as ATTACHMENT "F" before you give them access to our confidential information.

You must promptly notify us if you discover ~~any~~an unauthorized use of our proprietary information ~~or~~

copyrighted materials. We are not ~~obligated~~required to act, but will respond ~~to this information~~ as we deem appropriate. You may not control any proceeding or litigation involving allegations of unauthorized use of our proprietary information ~~or copyrighted materials.~~ We have no obligation to indemnify you for any expenses or damages ~~arising from you incur as a result of~~ any such proceeding or litigation ~~involving our proprietary information.~~ There are no infringements known to us at this time.

~~We will own all ideas, improvements, inventions, marketing materials and other concepts you develop relating to a Center.~~

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

### Owners

#### Owner Participation

You must designate an owner with overall responsibility for the management and operation of your Center (the “Managing Owner”). The Managing Owner must:

- be approved by us after attending an in-person Discovery Day at our corporate headquarters
- have binding decision-making authority on matters involving the Center
- successfully complete all training programs we require
- teach at least 1 class at the Center throughout the 1st year of operation
- provide direct onsite management on a full-time basis until the Center has met the minimum performance requirement for at least 1 year
- dedicate best efforts to operating the Center ~~(after meeting the minimum performance criteria above (we strongly recommend the Managing Owner continue to dedicate full-time efforts~~ ~~is strongly recommended but not required)~~
- hold a minimum 20% ownership interest in the franchised business or franchisee entity
- ~~teach at least 1 class at the Center throughout the 1st year of operation~~

~~The Managing Owner is not required to provide onsite management of your Center as long as a trained Manager is onsite.~~ Any new Managing Owner you appoint must successfully complete ~~our then-current initial training program before assuming responsibility for the supervision,~~ Management Training prior to managing your Center.

Except as otherwise provided above with respect to your Managing Owner, we do not require that your owners personally participate in the management or operation of ~~the Center.~~

your Business. If you are an entity, each owner (i.e., each person holding ~~an~~ a direct or indirect ownership interest in ~~you~~ the entity) and the spouse of each owner must sign the Franchise Owner Agreement attached to the Franchise Agreement as ATTACHMENT "D". By signing the Franchise Owner Agreement, the owner (or spouse of the owner) agrees to: (a) comply with all brand protection covenants (except to the extent prohibited by law), covenants that protect our intellectual property and transfer restrictions set forth in the Franchise Agreement; and (b) guarantee the franchisee’s financial obligations.

### Manager

You may hire a person to assist the Managing Owner with onsite management and supervision of the Center (a “Manager”). Any person you hire as a Manager must:

- be approved by us
- meet all of our then-current minimum criteria and qualifications for Managers (including those pertaining to background checks, education, attitude and experience)
- successfully complete all training programs we require

- ~~sign the a Confidentiality Agreement attached to the Franchise Agreement as ATTACHMENT "F"~~

At all times during normal business hours, either the Managing Owner or a Manager must be present at the Center to provide onsite management and supervision. The Managing Owner must monitor and supervise ~~the activities of the each~~ Manager to ensure the Center is operated in ~~accordance~~ compliance with the Franchise Agreement and Manual. We do not require that the Manager own ~~any an~~ equity interest in the franchise.

### Teachers

No person may teach classes at your Center other than: (a) the Managing Owner; (b) a Manager; or (c) a person you hire (or any of your other owners) who satisfies any minimum competency standards we require (in each case, a “Teacher”). You must conduct reasonable background checks on all Teachers. You may not allow any person to act as a Teacher if the background check reveals a criminal record or otherwise raises substantial doubt about his or her character or qualifications. We may impose additional qualifications for Teachers from time to time, including a requirement that all teachers successfully complete a certification training program (and possibly recertification training). All ~~of your Teachers and other employees, agents and representatives with access to our confidential information~~ must sign ~~the a~~ Confidentiality Agreement ~~attached to the Franchise Agreement as ATTACHMENT "F"~~.

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

We must approve all goods and services you sell. You must offer all goods and services we require, including the specific classes, programs and curriculum we specify. You have the option, but not the obligation, to offer Special Programs. You may only offer Affiliate Programs we approve. You may not offer, sell or provide: (a) goods or services to anyone other than children between pre-school and 12<sup>th</sup> grade; (b) educational classes or tutoring in any subject we have not approved; or (c) any other goods or services (including any classes or programs) we have not approved. We may require you to participate in a gift card program in accordance with our policies and procedures. You may not sell any other gift cards or implement any other gift card program without our approval. At any time, we may change the goods and services you sell and you must comply with the change.

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

This table lists certain important provisions of the franchise agreement (FA), Satellite Office Addendum (SOA), Area Development Agreement (ADA) and related agreements. You should read these provisions in the agreements attached to this Disclosure Document.

THE FRANCHISE RELATIONSHIP		
PROVISION	SECTIONS IN AGREEMENT	SUMMARY
a. Length of franchise term	<del>FA: FA: 1 (definition of Term) &amp; 4.1</del>	Term is equal to 5 years.
	SOA: 6	<u>Term is concurrent with term of Franchise Agreement.</u>
	ADA: <del>1 (definition of “Term”)</del>	Term expires on required opening date of last Center to be developed under development schedule.
b. Renewal or extension of the term	FA: 4.1 & 4.2	If you meet our conditions for renewal, you can enter into 3 consecutive successor franchise agreements. Each renewal term <del>will be</del> <u>is</u> 5 years. The parties may mutually agree to further renewals but neither party is obligated to do so (subject to state law).
	SOA: 6	<u>Term is concurrent with term of Franchise Agreement and may be renewed if you renew the Franchise Agreement.</u>
	ADA: 4.5	No renewal rights.

**THE FRANCHISE RELATIONSHIP**

PROVISION	SECTIONS IN AGREEMENT	SUMMARY
c. Requirements for you to renew or extend	FA: 4.1 & 4.2	You must: not be in default; give us timely notice; sign then-current form of franchise agreement <del>and related documents (e.g., Franchise Owner Agreement, etc.);</del> sign general release (subject to state law); pay renewal fee; remodel Center and upgrade furniture, fixtures and equipment to current standards; and extend lease <del>for duration of renewal term.</del> We may condition <u>renewal on</u> your <del>right to renew on</del> compliance with any minimum customer satisfaction requirements we develop and uniformly impose.  If you renew, you may be required to sign a contract with materially different terms and conditions than the original contract.
	<u>SOA: 6</u>	<u>No requirements other than those imposed under Franchise Agreement.</u>
	ADA: 4.5	You may not renew or extend the term of the ADA.
d. Termination by you	FA: 21.1	You <del>can</del> <u>may</u> terminate if we <u>default and</u> fail to <u>timely</u> cure <del>a material default within the cure period.</del>  <u>You may also terminate without cause by if you:</u> (a) <del>providing at least</del> <u>provide</u> 180 days' prior notice; (b) <del>allowing</del> <u>allow</u> us to market and sell your Center during the 180-day period ( <del>you do not receive any we keep all</del> proceeds from the sale); (c) <del>paying</del> <u>pay</u> us all amounts owed; and (d) <del>signing</del> <u>sign</u> a General Release (subject to state law).
	<u>SOA: 6</u>	<u>You can terminate if you choose to close your Satellite Office.</u>
	<del>ADA: 8</del> <u>ADA: Not Applicable</u>	You can terminate under any grounds permitted by law.
e. Termination by us without cause	FA: 21.3	We can terminate without cause if you <del>and we mutually agree to terminate</del> <u>provide your written consent.</u>
	<u>SOA: 6</u>	
	ADA: <del>Not Applicable</del> <u>8.2</u>	<del>Not applicable</del>
f. Termination by us with cause	FA: 21.2 <del>&amp; 21.3</del>	We can terminate if you default.
	<u>SOA: 6</u>	
	<del>ADA: 8</del> <u>ADA: 8.1</u>	<del>We can terminate if you default.</del>
g. "Cause" defined - curable defaults	FA: 21.2 <del>&amp; 21.3</del>	You have <u>the following cure periods:</u> (a) <u>24 hours for health or safety hazards;</u> (b) <u>10 days to cure any monetary default. You have for financial defaults;</u> (c) <u>20 days for loss of a required license or permit; and (d) 30 days to cure for any other default (other than defaults a default described below under "non-curable defaults").</u>
	<del>ADA: 8</del> <u>SOA: 6</u>	You have 30 days to cure any default, other than defaults described below under "non-curable defaults".
	<u>ADA: 8.1</u>	

**THE FRANCHISE RELATIONSHIP**

PROVISION	SECTIONS IN AGREEMENT	SUMMARY
h. "Cause" defined - non-curable defaults	FA: 21.2	The following defaults cannot be cured: <u>insolvency, bankruptcy or seizure of assets</u> ; failure to successfully complete training; failure to find approved site, <u>secure lease</u> or open in timely manner; <del>insolvency, bankruptcy or seizure of assets</del> ; abandonment; <del>failure to maintain required license or permit; conviction of certain types of crimes or subject of certain criminal convictions or</del> administrative <u>enforcement</u> actions; <del>failure to comply with</del> <u>violation of</u> material law; <del>commission of acts</del> that may adversely affect reputation of System or Marks; <del>health or safety hazards</del> ; material misrepresentations; 2 <sup>nd</sup> underreporting of <del>amounts due your sales</del> by <u>at least 3% or more</u> ; unauthorized <del>transfers</del> <u>Transfers</u> ; unauthorized use of our intellectual property; <del>violation</del> <u>breach</u> of brand protection covenant; <del>breach of</del> Franchise Owner Agreement <del>by owner or spouse; failure to meet</del> minimum performance <del>requirements</del> ; <u>requirement or legal compliance representation</u> ; <u>failure to notify us of a matter described in § 16.6</u> ; termination of lease due to your default; 3 or more default notices in <del>any</del> a 12-month period; or termination of any other agreement between you (or your affiliate) and us (or our affiliate) due to your default. However, termination of an ADA due to breach of the development schedule <u>or termination of a Satellite Office Addendum due to a closure</u> is not grounds for termination of any Franchise Agreement that is otherwise in good standing.
	<u>SOA: 6</u>	<u>If we terminate a franchise agreement due to your default, we may terminate the SOA without opportunity to cure.</u>
	<del>ADA: 8</del> <u>ADA: 8.1</u>	<del>You cannot cure any default relating to the termination of</del> <u>If we terminate a franchise agreement based on due to your default. Any termination of a franchise agreement is a default under, we may terminate the ADA allowing us to terminate</u> without <u>opportunity to cure period</u> .
i. Your obligations on termination/ non-renewal	FA: 22.1	Obligations include: remove trade dress and alter premises to eliminate any resemblance to a Center; cease use of intellectual property; return Manual, educational materials and branded materials; return proprietary software; assign telephone numbers, listings and domain names; assign student/parent information and accounts; cancel fictitious names; comply with data retention policies; and pay amounts due (also see "r", below).
	<u>SOA: Not Applicable</u>	<u>The SOA does not impose any post-term obligations on you.</u>
	ADA: Not Applicable	The ADA does not impose any <del>specific</del> <u>post-term</u> obligations on you <del>after it is terminated or expires</del> .
j. Assignment of contract by us	FA: 20.1	No restriction on our right to assign.
	<u>SOA: 10</u>	
	ADA: 7.1	<del>No restriction on our right to assign.</del>
k. "Transfer" by you – definition	FA: <del>1</del> (definition of <del>"Transfer"</del> ) & 20.2	Includes ownership change or transfer of contract or assets.
	<u>SOA: 0</u>	
	ADA: <del>1</del> (definition of <del>"Transfer"</del> ) & 7.2	<del>Includes ownership change or transfer of contract or assets.</del>

**THE FRANCHISE RELATIONSHIP**

PROVISION	SECTIONS IN AGREEMENT	SUMMARY
l. Our approval of transfer by you	FA: <del>11</del> (definition of “Permitted Transfer”); 20.2 & 20.3	<p><del>If certain conditions are met, you</del> You may transfer to a newly formed entity owned by you, or <del>engage</del> in certain instances, to an existing owner, a Permitted Transfer (defined in Note 2 in Item 6) without our approval.</p> <p>We must approve other <del>transfers</del> Transfers but will not unreasonably withhold approval. <u>You may only Transfer a Satellite Office to the same person who buys your Center in accordance with the Franchise Agreement’s transfer terms.</u></p>
	SOA: 5 & 10	
	ADA: <del>11</del> (definition of “Permitted Transfer”); 7.2 & 7.3	<p><del>If certain conditions are met, you may transfer to a newly formed entity owned by you, or in certain instances, to an existing owner, without our approval.</del></p> <p><del>We must approve other transfers but will not unreasonably withhold approval.</del></p>
m. — Conditions for our approval of transfer	FA: 20.2	<p>Transferee must: meet our qualifications; successfully complete training (or arrange to do so); obtain required licenses and permits; <del>agree in writing to</del> assume your obligations under <del>agreements</del> contracts relating to the <del>business; and</del> Business; sign then-current form of franchise agreement for remainder of term (or, at our option, <del>take assignment</del> assume your Franchise Agreement; and remodel Center and upgrade furniture, fixtures and equipment to current standards within 1 year of existing franchise agreement); <u>Transfer or such shorter period of time we specify.</u></p> <p>You must: be <del>in compliance</del> compliant with Franchise Agreement; assign lease (if applicable); <del>remodel Center and upgrade furniture, fixtures and equipment to current standards (or get a commitment from transferee to do so);</del> pay transfer fee; (subject to state law); subordinate transferee’s ongoing payments owed to you (if any) to transferee’s <del>financial obligations</del> payments owed to us; and sign general release (subject to state law).</p> <p>We must notify you that we <del>do will</del> not intend to exercise our right of first refusal.</p> <p><del>You may not transfer a Satellite Office except in conjunction with a transfer of your Center.</del></p>
	SOA: 5 & 10	<u>Transfer provisions in Franchise Agreement govern.</u>
	ADA: 7.2	<p>Transferee must: meet our qualifications; successfully complete training (or arrange to do so); and sign then-current form of area development agreement for remainder of term (or, at our option, <del>take assignment of existing</del> assume your ADA);</p> <p>You must: be <del>in compliance</del> compliant with all Franchise Agreements and ADA; assign all Franchise Agreements <u>and Satellite Office Addenda (if applicable)</u> to same purchaser unless we agree to contrary (or <del>at our option, we instruct</del> transferee <u>must</u> sign then-current form of franchise agreement); comply with transfer provisions <u>under in</u> Franchise Agreements; <del>pay transfer fee;</del> and sign general release (subject to state law).</p> <p>We must notify you that we <del>do will</del> not intend to exercise our right of first refusal.</p>
n. Our right of first refusal to acquire your business	FA: 20.5	We can match any offer for your business.
	SOA: 5 & 10	<u>Right of first refusal provision in Franchise Agreement governs.</u>
	ADA: 7.5	We can match any offer for your area development rights.
o. Our option to purchase your	<del>FA: 22.2</del> FA: 22.2	We have the option to purchase your Center at the expiration or termination of the Franchise Agreement.

**THE FRANCHISE RELATIONSHIP**

PROVISION	SECTIONS IN AGREEMENT	SUMMARY
business	<a href="#">SOA: Not Applicable</a>	<a href="#">We do not have an option to purchase your Satellite Office.</a>
	ADA: Not Applicable	We do not have <del>a right</del> <a href="#">an option</a> to purchase your area development rights <del>unless you attempt to transfer to a third-party buyer.</del>
p. Your death or disability	FA: 20.4	Within 180 days, interest must be assigned to an assignee in compliance with conditions for other transfers. We may designate manager to operate the Center prior to transfer.
	<a href="#">SOA: 5 &amp; 10</a>	
	ADA: 7.4	<del>Within 180 days, interest must be assigned by estate to an assignee in compliance with conditions for other transfers.</del>
q. Non-competition covenants during the term of the franchise	FA: 15.3	No involvement in competing business (subject to state law).
	<a href="#">SOA: Not Applicable</a>	<a href="#">The SOA does not impose any noncompetition covenants.</a>
	ADA: Not Applicable	The ADA does not impose any noncompetition covenants.
r. Non-competition covenants after the franchise is terminated or expires	FA: <del>15.3</del> 15.3 & 22.1	No involvement for 2 years in <a href="#">a</a> competing business <del>at:</del> <a href="#">(a) from</a> your Center or <a href="#">Satellite Office</a> ; <a href="#">(b) anywhere</a> within a 25-mile radius from your Center, <a href="#">your Satellite Office</a> or any other Center <a href="#">or Satellite Office</a> that is open or under <del>development</del> <a href="#">construction</a> at the time <a href="#">your franchise terminates or expires</a> (subject to state law).
	<a href="#">SOA: Not Applicable</a>	<a href="#">The SOA does not impose any noncompetition covenants.</a>
	ADA: Not Applicable	The ADA does not impose any noncompetition covenants.
s. Modification of the agreement	FA: 25.3 & 25.8	Requires writing signed by both parties (except we may unilaterally change Manual or reduce scope of restrictive covenants). Other modifications primarily to comply with various states laws.
	<a href="#">SOA: 11(a)</a>	
	ADA: 12.7	<del>Requires writing signed by both parties. Other modifications to comply with various states laws.</del>
t. Integration/ merger clause	FA: 25.8	Only the terms of the Franchise Agreement, <a href="#">SOA (if applicable)</a> , <a href="#">ADA (if applicable)</a> and <del>its</del> <a href="#">their</a> attachments are binding (subject to state law). Any representations or promises made outside the Disclosure Document <del>and</del> Franchise Agreement, <a href="#">SOA and ADA</a> may not be enforceable. Nothing in the Franchise Agreement, <a href="#">SOA, ADA</a> or any related agreements is intended to disclaim any of the representations we made in this Disclosure Document. <u>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 (a) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (b) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on <a href="#">our</a> behalf</u> <del>of the franchisor</del> . This provision supersedes any other term of any document executed in connection with the franchise.
	<a href="#">SOA: 11(a)</a>	

THE FRANCHISE RELATIONSHIP		
PROVISION	SECTIONS IN AGREEMENT	SUMMARY
	ADA: 12.7	<del>Only the terms of the ADA and its attachments are binding (subject to state law). Any representations or promises made outside the Disclosure Document and ADA may not be enforceable. Nothing in the ADA or any related agreements is intended to disclaim any of the representations we made in this Disclosure Document. 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 (a) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (b) 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.</del>
u. Dispute resolution by arbitration or mediation	FA: 23	Subject to state law, all disputes must be mediated or arbitrated before litigation, except for certain disputes involving our intellectual property or compliance with restrictive covenants.
	<a href="#">SOA: 5</a>	<a href="#">Disputes governed by provisions in Franchise Agreement.</a>
	ADA: 1.1	Subject to state law, all disputes must be mediated and then arbitrated before litigation.
v. Choice of forum	FA: 23	Subject to state law, all mediation, arbitration and litigation must take place in county where we maintain our principal place of business at time dispute arises (currently, King County, Washington).
	<a href="#">SOA: 5</a>	<a href="#">Choice of forum provision in Franchise Agreement governs.</a>
	ADA: 1.1	Subject to state law, all mediation, arbitration and litigation must take place in county where we maintain our principal place of business at time dispute arises (currently, King County, Washington).
w. Choice of law	FA: 25.1	Subject to applicable state law, Washington law governs.
	<a href="#">SOA: 5</a>	<a href="#">Choice of law provision in Franchise Agreement governs.</a>
	ADA: 12.1	Subject to applicable state law, Washington law governs.

## ITEM 18 PUBLIC FIGURES

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

## ITEM 19 FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC’s Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, if there is a reasonable basis for the information, and if the information is included in the Disclosure 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.

### System Statistics

~~For purposes of this financial performance representation, each Best In Class Education Center may be referred to as an “outlet.” The following presents certain financial performance information for the 2023 calendar year for each outlet that met certain qualifying criteria (referred to as a “Qualifying Outlet”). In order to be a Qualifying Outlet, the outlet must have: (a) been open and operating for the entire 2023 calendar year; and (b) been operated from a brick and mortar Center. The financial performance representation includes data from both franchised outlets and company owned outlets. For purposes of this financial performance representation, a “company owned” outlet includes any Center owned by us, our affiliate or any person listed in Item 2 of this Disclosure Document.~~

As of December 31, 2023, there were: (a) 44 open franchised outlets, and 36 of these outlets are Qualifying Outlets; and (b) 2 open company-owned outlets, and 2 of these outlets are Qualifying Outlets.

The financial performance representation includes data from all Qualifying Outlets for the 2023 calendar year. Of the 46 outlets that were open as of December 31, 2023, 10 did not qualify as “Qualifying Outlets” for the following reasons:

- 5 of these outlets were excluded because they were not open for the entire 2023 calendar year
- 5 of these outlets were excluded because they operated from Satellite Offices.

The tables below summarize the outlet statistics and the number of Qualifying Outlets:

2023 Outlet Statistics						
Outlet Type	Open Outlets (Jan 1, 2023)	Open Outlets (Dec 31, 2023)	Outlets Opened During 2023	Outlets Closed During 2023	Converted Outlets During 2023	Qualifying Outlets
Franchised	47	44	3	6	0	36
Company Owned	4	2	0	0	2	2

There are no material differences between the operations of the franchised Qualifying Outlets and the company-owned Qualifying Outlets which impact the realization of Gross Sales. There are no material differences between the operations of the Qualifying Outlets and the franchised business offered under this Disclosure Document which impact the realization of Gross Sales.

#### Subsets Utilized

The financial performance representation includes 2023 Gross Sales data for the 36 Qualifying Outlets described above. We have broken down the data between franchised Qualifying Outlets and company-owned Qualifying Outlets. We have also separately broken out the franchised data into subsets based on ranked “tertiles” (i.e. groups of 1/3<sup>rd</sup>), from highest revenues (Subset 1) to lowest revenues (Subset 3). The following table identifies the total number of franchised Qualifying Outlets in each subset:

Franchise Qualifying Outlet Subset		
Subset 1 (Highest Revenues)	Subset 2 (Middle Revenues)	Subset 3 (Lowest Revenues)
12	12	12

#### Defined Terms

For purposes of this ~~financial performance representation~~ FPR, the following terms have the meanings given to them below:

“Company-Owned Center” means any Center owned by: (a) us; (b) our affiliate; or (c) any person listed in Item 2 of this Disclosure Document if that person is also involved with management of the Center.

“FPR” means the financial performance representation set forth in Item 19 of this Disclosure Document.

“Franchised Center” means any Center owned by a franchisee.

“Gross Sales” means all gross sums collected from all goods and services sold, plus all other sums collected from the operation of the Center, including any advertising revenues, sponsorship fees, business interruption insurance proceeds and amounts that third-party marketing agencies, such as Groupon, receive and retain from your customers for marketing goods or services. Gross Sales does not include: (a) sales or use taxes; (b) amounts refunded to customers; or (c) Affiliate Program Sales or Special Program Sales.

“Measuring Period” means the period of time that begins January 1, 2024 and ends December 31, 2024.

“Qualifying Center” means any Company-Owned Center or Franchised Center that satisfies the following criteria: (a) the Center was open and operating throughout the entire Measuring Period; (b) the Center provided us with all data we requested in order to prepare the FPR; (c) the Center is not a Satellite Office; and (d) the Center does not operate remotely.

“Selected Expenses” includes the following Center expenses:

1. General & Administrative: includes operating expenses not included in any of the below categories such as office supplies, business insurance premiums, state and local taxes, and utilities.
2. Instructor & TA Labor: includes wages for all teaching and teaching assistant staff. This excludes wages or salaries for owner or management staff.
3. Marketing: includes all paid marketing efforts spent directly by franchisees, including hosting events at the Center, sponsorship fees, ad placements, and paid ad campaigns. This excludes the brand fund contribution (which is included under Royalties & Fees).
4. Rent: includes all payments made to the landlord or property manager to lease the space. This excludes any utilities (which are included under General & Administrative Expenses).
5. Royalties & Fees: includes all payments made to the franchisor and affiliates, including royalties, brand fund contributions, technology fees and BCP-LMS Monthly Fees (or equivalent fees).

### System Statistics

For purposes of this FPR, each Center may be referred to as an “outlet.” As of December 31, 2024 (the last day of the Measuring Period) there were: (a) 36 Franchised Centers in operation, 27 of which are Qualifying Centers; and (b) 1 Company-Owned Center in operation, which is a Qualifying Center. The table below summarizes the outlet statistics and the number of Qualifying Centers:

<u>System Statistics for FPR</u>							
<u>Outlet Type</u>	<u>2024 Transactions and Statistics</u>				<u>Satellite Offices</u>	<u>Operating Remotely</u>	<u>Qualifying Centers</u>
	<u>Open Jan 1, 2024</u>	<u>Openings</u>	<u>Closures</u>	<u>Open Dec 31, 2024</u>			
<u>Franchised</u>	<u>44</u>	<u>1*</u>	<u>9</u>	<u>36</u>	<u>4**</u>	<u>5**</u>	<u>27</u>
<u>Company-Owned</u>	<u>2</u>	<u>0</u>	<u>1*</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>1</u>
<u>Total</u>	<u>46</u>	<u>1</u>	<u>10</u>	<u>37</u>	<u>4**</u>	<u>5**</u>	<u>28</u>

\* This outlet was a Company-Owned Center that was sold to a franchisee in 2024. We have classified this outlet as a Franchised Center.

\*\* One Franchised Center operates as both a Satellite Office and remotely and is included in both figures.

This FPR includes data from both Franchised Centers and Company-Owned Centers. We excluded data from: (a) 4 Franchised Centers that were open during the Measuring Period because they are Satellite Offices; (b) 5 Franchised Centers that operated remotely; and (c) 2 Franchised Centers that did not operate throughout the entire operating period (one of which was also operated remotely). There are no material differences between the operations of the Qualifying Centers and the franchised business offered under this Disclosure Document that impact the realization of Gross Sales.

### Subsets Utilized

The FPR includes 2024 Gross Sales data for the 28 Qualifying Centers described above. We have broken down the data between Franchised Centers and the Company-Owned Center. We have also separately broken out the data for 27 Franchised Centers into subsets based on the top 1/3<sup>rd</sup> (highest Gross Sales), middle 1/3, and bottom 1/3 (lowest Gross Sales).

## Financial Performance Representation

TABLE 1					
2023 - 2024 GROSS SALES: FRANCHISED <del>QUALIFYING</del> -OUTLETS					
Subset (Number of Outlets in Subset)	Highest	Lowest	Median	Average	Number & Percent that Achieved/Surpassed Average
All ( <del>36</del> <u>27</u> Outlets)	\$ <del>421,719</del> <u>468,728</u>	\$ <del>7,400</del> <u>46,510</u>	\$ <del>139,121</del> <u>219,476</u>	\$ <del>148,558</del> <u>209,044</u>	<del>17</del> <u>15</u> of <del>36</del> ( <del>47.22</del> <u>56</u> %)
Subset 1 ( <del>12</del> <u>9</u> Outlets)	\$ <del>421,719</del> <u>468,728</u>	\$ <del>210,932</del> <u>248,563</u>	\$ <del>239,960</del> <u>304,918</u>	\$ <del>264,080</del> <u>310,026</u>	3 of <del>12</del> ( <del>25</del> <u>33</u> %)
Subset 2 ( <del>12</del> <u>9</u> Outlets)	\$ <del>209,977</del> <u>248,171</u>	\$ <del>84,268</del> <u>144,960</u>	\$ <del>139,121</del> <u>219,476</u>	\$ <del>142,010</del> <u>207,730</u>	<del>5</del> <u>6</u> of <del>11</del> ( <del>41.9</del> <u>67</u> %)
Subset 3 ( <del>12</del> <u>9</u> Outlets)	\$ <del>77,302</del> <u>130,303</u>	\$ <del>7,400</del> <u>46,510</u>	\$ <del>36,689</del> <u>124,101</u>	\$ <del>39,583</del> <u>109,376</u>	<del>6</del> <u>5</u> of <del>12</del> ( <del>50</del> <u>56</u> %)

TABLE 2							
2023 - 2024 GROSS SALES: COMPANY-OWNED <del>QUALIFYING</del> -OUTLETS <del>OUTLET</del>							
Subset (Number of Outlets in Subset)			Highest	Lowest	Median	Average	Number & Percent that Achieved/Surpassed Average
All ( <del>2</del> <u>2</u> Outlets)	\$ <del>169,671</del>	\$ <del>154,445</del>	\$ <del>162,058</del>	\$ <del>162,058</del>	<del>1</del> <u>1</u> of <del>2</del> ( <del>50</del> <u>50</u> %) <u>Company Owned Outlet</u>	\$ <del>160,099</del>	

### Notes to Tables 1 and 2:

- ~~In making the above financial performance representation Source of Data: We obtained Gross Sales data for franchised Qualifying Outlets, we relied on information that we generated Franchised Centers from revenue reports submitted by franchisees as well as and the POS systems utilized system used by the franchisees. The We obtained Gross Sales data has not been audited.~~
- ~~In making the above financial performance representation for company owned Qualifying Outlets, we relied on the Company-Owned Center from internally prepared financial statements for these outlets. this outlet. The data has not been audited.~~
- ~~The financial performance representation is based on the historical results from the Qualifying Outlets described above.~~
- Historical Data: The data in this FPR is historical and represents the financial results achieved by the Qualifying Centers for the 2024 calendar year.
- No Expenses: The financial performance representation in Tables 1 and 2 does not reflect the costs of sales, operating expenses, or other costs or expenses that must be deducted from the gross revenue or gross sales figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your Center. Franchisees or former franchisees, listed in the Franchise Disclosure Document, may be one source of this information.

## 2024 Survey of Selected Expenses

We sent out a survey to all Qualifying Centers on January 23, 2025 via email. We received 23 total responses prior to the February 10, 2025 deadline. Of these responses, 22 are from Franchised Centers and 1 from the Company-Owned Center.

<b><u>TABLE 3 - 2024 GROSS SALES LESS SELECTED EXPENSES: FRANCHISED OUTLETS</u></b>					
<u>Category</u>	<u>Highest</u>	<u>Lowest</u>	<u>Median</u>	<u>Average</u>	<u>Number &amp; Percent that Achieved/Surpassed Average</u>
<b><u>Gross Sales</u></b>	<u>\$468,728</u>	<u>\$46,510</u>	<u>\$220,717</u>	<u>\$216,810</u>	<u>14 of 22 (64%)</u>
<u>Instructor &amp; TA Labor</u>	<u>\$162,500</u>	<u>\$15,885</u>	<u>\$50,318</u>	<u>\$54,417</u>	<u>10 of 22 (45%)</u>
<u>Rent</u>	<u>\$60,000</u>	<u>\$20,500</u>	<u>\$39,500</u>	<u>\$38,334</u>	<u>13 of 22 (59%)</u>
<u>Marketing</u>	<u>\$12,000</u>	<u>\$154</u>	<u>\$4,019</u>	<u>\$3,965</u>	<u>12 of 22 (55%)</u>
<u>General &amp; Admin</u>	<u>\$49,109</u>	<u>\$6,800</u>	<u>\$15,419</u>	<u>\$17,830</u>	<u>9 of 22 (41%)</u>
<u>Royalties &amp; Fees*</u>	<u>\$76,196</u>	<u>\$8,642</u>	<u>\$39,523</u>	<u>\$37,293</u>	<u>14 of 22 (64%)</u>
<b><u>Gross Sales Less Selected Expenses</u></b>			<u>\$70,045</u>	<u>\$65,963</u>	<u>11 of 22 (50%)</u>

\* The definition of “Royalties & fees” has been updated to include “BCP-LMS Monthly Fees.” However, during the Measuring Period, certain Franchised Centers may have been charged royalties on separate fees such as Curriculum Distribution fees and RLP fees. These have now been consolidated under the BCP-LMS Monthly Fee for reporting and royalty calculation purposes.

<b><u>TABLE 4 - 2024 GROSS SALES LESS SELECTED EXPENSES: COMPANY-OWNED OUTLET</u></b>	
<b><u>Gross Sales</u></b>	<u>\$160,099</u>
<u>Instructor &amp; TA Labor</u>	<u>\$41,277</u>
<u>Rent</u>	<u>\$48,103</u>
<u>Marketing</u>	<u>\$4,455</u>
<u>General &amp; Admin</u>	<u>\$18,214</u>
<u>Royalties &amp; Fees</u>	<u>\$32,496</u>
<b><u>Gross Sales Less Selected Expenses</u></b>	<u>\$15,553</u>

### Notes to Tables 3 and 4:

1. Source of Data: We sent out a survey to all Qualifying Centers on January 23, 2025 via email. We received 23 total responses by the deadline given which was February 10, 2025. All of the data received was unaudited.
2. Historical Data: The data in this FPR is historical and represents the financial results achieved by the Qualifying Centers for the 2024 calendar year.
- 4.3. Selected Expenses Only: The financial performance representation in Tables 3 and 4 does not include any reflect every cost or expense that must be deducted from the gross revenue or gross sales figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your Center. Franchisees or former franchisees, listed in the Franchise Disclosure Document, may be one source of this information. ~~As a franchisee, you will incur expenses, such as payroll, rent, marketing, inventory replenishment, utilities as well as the initial and ongoing fees imposed under the Franchise Agreement.~~

Some Best in Class Education Centers have sold or earned this amount. Your individual results may differ. There is no assurance that you will sell or earn as much.

Written substantiation for this financial performance representation will be made available to you upon your reasonable written request.

Other than the preceding financial performance representation, we do not make any financial performance representations. 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 Hao Lam at 4820 NE 4th St., Suite A-107, Renton, Washington 98059 or by phone by calling (425) 880-2688, the Federal Trade Commission, and the appropriate state regulatory agencies.

**ITEM 20 OUTLETS AND FRANCHISEE INFORMATION**

TABLE 1 - SYSTEM-WIDE OUTLET SUMMARY FOR YEARS <del>2021-2023</del> 2022 TO 2024				
Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	<del>2022</del> 2021	<del>52</del> 48	<del>48</del> 47	<del>-4</del> 1
	<del>2023</del> 2022	<del>48</del> 47	<del>47</del> 44	<del>-1</del> 3
	<del>2023</del> 2024	<del>47</del> 44	<del>44</del> 36	<del>-3</del> 8
Company-Owned	<del>2022</del> 2021	7	<del>7</del> 4	<del>0</del> 3
	<del>2023</del> 2022	<del>7</del> 4	<del>4</del> 2	<del>-3</del> 2
	<del>2023</del> 2024	<del>4</del> 2	<del>2</del> 1	<del>-2</del> 1
Total Outlets	<del>2022</del> 2021	<del>59</del> 55	<del>55</del> 51	-4
	<del>2023</del> 2022	<del>55</del> 51	<del>51</del> 46	<del>-4</del> 5
	<del>2023</del> 2024	<del>51</del> 46	<del>46</del> 37	<del>-5</del> 9

TABLE 2 - TRANSFERS OF OUTLETS FROM FRANCHISEES TO NEW OWNERS (OTHER THAN THE FRANCHISOR) FOR YEARS <del>2021</del> 2022 TO <del>2023</del> 2024		
State	Year	Number of Transfers
Florida	<del>2022</del> 2021	0
	<del>2023</del> 2022	<del>0</del> 2
	<del>2023</del> 2024	<del>2</del> 0
Ohio	<del>2022</del> 2021	0
	<del>2023</del> 2022	<del>0</del> 2
	<del>2023</del> 2024	<del>2</del> 0
Texas	<del>2022</del> 2021	<del>0</del> 1
	<del>2023</del> 2022	1
	<del>2023</del> 2024	1
Washington	<del>2022</del> 2021	<del>0</del> 2
	<del>2023</del> 2022	<del>2</del> 0
	<del>2023</del> 2024	0
Total	<del>2022</del> 2021	<del>0</del> 3
	<del>2023</del> 2022	<del>3</del> 5
	<del>2023</del> 2024	<del>5</del> 1

TABLE 3 - STATUS OF FRANCHISED OUTLETS FOR YEARS ~~2021~~2022 TO ~~2023~~2024

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of Year
California	<del>2022</del> 2021	<del>17</del> 14	0	0	0	0	<del>3</del> 1	<del>14</del> 13
	<del>2023</del> 2022	<del>14</del> 13	<del>0</del> 3	0	0	0	<del>1</del> 2	<del>13</del> 14
	<del>2023</del> 2024	<del>13</del> 14	<del>3</del> 0	0	0	0	<del>2</del> 6	<del>14</del> 8
Florida	<del>2022</del> 2021	3	0	0	0	0	0	3
	<del>2023</del> 2022	3	0	0	0	0	0	3
	<del>2023</del> 2024	3	0	0	0	0	0	3
Georgia	<del>2022</del> 2021	2	0	0	0	0	0	2
	<del>2023</del> 2022	2	0	0	0	0	0	2
	<del>2023</del> 2024	2	0	0	0	0	0	2
Kentucky	<del>2021</del>	<del>1</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>1</del>	<del>0</del>
	<del>2022</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>
	<del>2023</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>
Maryland	<del>2022</del> 2021	1	0	0	0	0	0	1
	<del>2022</del>	<del>1</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>1</del>
	2023	1	0	0	0	0	0	1
Michigan	<del>2021</del> 2024	1	0	0	0	0	0	1
	<del>2022</del>	<del>1</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>1</del>	<del>0</del>
	<del>2023</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>
Nevada	<del>2022</del> 2021	1	0	0	0	0	0	1
	<del>2023</del> 2022	1	0	0	0	0	0	1
	<del>2023</del> 2024	1	0	0	0	0	0	1
New Jersey	<del>2022</del> 2021	3	0	0	0	0	0	3
	<del>2022</del>	<del>3</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>3</del>
	2023	3	0	0	0	0	0	3
North Carolina	<del>2021</del> 2024	<del>0</del> 3	0	0	0	0	<del>0</del> 2	<del>0</del> 1
	<del>2022</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>
	<del>2023</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>
Ohio	<del>2022</del> 2021	4	0	0	0	0	0	4
	<del>2022</del>	<del>4</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>4</del>
	2023	4	0	0	0	0	1	3
	<del>2024</del>	<del>3</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>3</del>
Oregon	<del>2022</del> 2021	2	0	0	0	0	<del>0</del> 1	<del>2</del> 1
	<del>2022</del>	<del>2</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>1</del>	<del>1</del>
	2023	1	0	0	0	0	1	0
	<del>2024</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>
Texas	<del>2022</del> 2021	14	0	0	0	0	<del>0</del> 1	<del>14</del> 13
	<del>2022</del>	<del>14</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>1</del>	<del>13</del>

**TABLE 3 - STATUS OF FRANCHISED OUTLETS FOR YEARS ~~2021~~2022 TO 2023~~2024~~**

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	13	0	0	0	0	2	11
	<u>2024</u>	<u>11</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>	<u>10</u>
Washington	<del>2022</del> 2021	3	<del>0</del> 3	0	0	0	0	<del>3</del> 6
	<del>2022</del>	<del>3</del>	<del>3</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>6</del>
	2023	6	0	0	0	0	0	6
<u>Totals</u>	<del>2021</del> 2024	<del>5</del> 6	<del>0</del> 1	0	0	0	<del>4</del> 0	<del>4</del> 8
<u>Totals</u>	2022	48	3	0	0	0	4	47
	2023	47	3	0	0	0	6	44
	<u>2024</u>	<u>44</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>9</u>	<u>36</u>

**TABLE 4 - STATUS OF COMPANY-OWNED OUTLETS FOR YEARS ~~2021~~2022 TO 2023~~2024~~**

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of Year
Washington	<del>2022</del> 2021	7	0	0	0	<del>0</del> 3	<del>7</del> 4
	<del>2022</del> 2023	<del>7</del> 4	0	0	0	<del>3</del> 2	<del>4</del> 2
	<del>2023</del> 2024	<del>4</del> 2	0	0	0	<del>2</del> 1	<del>2</del> 1
Totals	<del>2021</del> 2022	7	0	0	0	<del>0</del> 3	<del>7</del> 4
	<del>2023</del> 2022	<del>7</del> 4	0	0	0	<del>3</del> 2	<del>4</del> 2
	<del>2023</del> 2024	<del>4</del> 2	0	0	0	<del>2</del> 1	<del>2</del> 1

**TABLE 5 - PROJECTED OPENINGS AS OF DECEMBER 31, ~~2023~~2024**

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
Texas	1	1	0
<u>Washington</u>	<u>1</u>	<u>1</u>	<u>0</u>
Total	<del>1</del> 2	<del>1</del> 2	0

A list of all current franchisees is attached to this Disclosure Document as EXHIBIT "F" (Part A), including their names and the addresses and telephone numbers of their outlets as of December 31, ~~2023~~2024. In addition, EXHIBIT "F" (Part B) lists the name, city and state, and the current business telephone number (or, if unknown, the last known home telephone number) of every franchisee who had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during our most recently completed fiscal year or who has not communicated with us within 10 weeks of the issuance date of this Disclosure Document. **If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.**

In the last 3 fiscal years, some franchisees have signed confidentiality agreements with us. In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with us. 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.

There are no: (a) trademark-specific franchisee organizations associated with the franchise system being offered that we have created, sponsored or endorsed; or (b) independent franchisee organizations that have asked to be included in this Disclosure Document.

## ITEM 21 FINANCIAL STATEMENTS

Our fiscal year ends on December 31<sup>st</sup>. Audited financial statements of BiC Franchise System Corporation for the fiscal year ended December 31, 2024 and December 31, 2023 ~~is~~are attached to this Disclosure Document as EXHIBIT "G". In addition, an unaudited balance sheet as of March 31, 2024~~2025~~ and an unaudited profit and loss statement from January 1, 2024~~2025~~ through March 31, 2024~~2025~~ are attached to this Disclosure Document as EXHIBIT "G". Because we have not been in existence for 3 years, we cannot provide all of the financial statements required by the FTC franchise disclosure guidelines.

## ITEM 22 CONTRACTS

Attached to this Disclosure Document (or the Franchise Agreement attached to this Disclosure Document) are copies of the following franchise and other contracts or agreements proposed for use or in use in this state:

### Exhibits to Disclosure Document

EXHIBIT "C"	Franchise Agreement
EXHIBIT "D"	Area Development Agreement
EXHIBIT "H"-1	State Addenda
EXHIBIT "H"-2	Franchisee Disclosure Questionnaire ( <b>Questionnaire may not be signed or used if the franchisee resides within, or the franchised business will be located within, a franchise registration state</b> )
EXHIBIT "H"-3	General Release
EXHIBIT "H"-4	Satellite Office Addendum
EXHIBIT "H"-5	Social Media Policy

### Attachments to Franchise Agreement

ATTACHMENT "B"	Form of Site Approval Notice
ATTACHMENT "C"	Lease Addendum
ATTACHMENT "D"	Franchise Owner Agreement
<del>ATTACHMENT "E"</del>	ATTACHMENT "E" ACH Authorization Form
ATTACHMENT "F"	Confidentiality Agreement

## ITEM 23 RECEIPT

EXHIBIT "J" to this Disclosure Document are detachable receipts. You are to sign both, keep one copy and return the other copy to us.

**EXHIBIT "A"**

**TO DISCLOSURE DOCUMENT**

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

<p><b><u>CALIFORNIA</u></b> Commissioner of Financial Protection &amp; Innovation Department of Financial Protection &amp; Innovation 320 West 4<sup>th</sup> Street, #750 Los Angeles, CA 90013 (213) 576-7500 1-866-275-2677</p> <p><b><u>HAWAII</u></b> Commissioner of Securities of the State of Hawaii 335 Merchant Street, Room 203 Honolulu, Hawaii 96813 (808) 586-2722</p> <p><u>Agents for Service of Process:</u> Commissioner of Securities of the State of Hawaii Department of Commerce and Consumer Affairs Business Registration Division 335 Merchant Street, Room 203 Honolulu, Hawaii 96813 (808) 586-2722</p> <p><b><u>ILLINOIS</u></b> Illinois Attorney General Chief, Franchise Division 500 South Second Street Springfield, IL 62706 (217) 782-4465</p> <p><b><u>INDIANA</u></b> Secretary of State Securities Division Room E-018 302 West Washington Street Indianapolis, IN 46204 (317) 232-6681</p>	<p><b><u>MARYLAND</u></b> Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, Maryland 21202 (410) 576-6360</p> <p><u>Agent for Service of Process:</u> Maryland Securities Commissioner 200 St. Paul Place Baltimore, Maryland 21202-2020</p> <p><b><u>MICHIGAN</u></b> Franchise Section Consumer Protection Division 525 W. Ottawa Street, G. Mennen Williams Building, 1<sup>st</sup> Floor Lansing, MI 48913 (517) 335-7567</p> <p><b><u>MINNESOTA</u></b> Commissioner of Commerce Director of Registration 85 Seventh Place East, #280 St. Paul, Minnesota 55101-3165 (651) 539-1500</p> <p><b><u>NEW YORK</u></b> NYS Department of Law Investor Protection Bureau 28 Liberty Street, 21<sup>st</sup> Floor New York, NY 10005 Phone: (212) 416-8222</p> <p><u>Agents for Service of Process:</u> Secretary of State 99 Washington Avenue Albany, NY 12231</p> <p><b><u>NORTH DAKOTA</u></b> North Dakota Securities Department State Capitol, 5<sup>th</sup> Floor, Dept 414 600 East Boulevard Avenue Bismarck, North Dakota 58505 (701) 328-4712</p>	<p><b><u>RHODE ISLAND</u></b> Department of Franchise Regulation 1511 Pontiac Avenue, John O. Pastore Complex, Bldg 69-1 Cranston, Rhode Island 02920 (401) 462-9527</p> <p><b><u>SOUTH DAKOTA</u></b> Department of Labor and Regulation Division of Insurance Securities Regulation 124 S Euclid, 2<sup>nd</sup> Floor Pierre, South Dakota 57501 (605) 773-3563</p> <p><b><u>VIRGINIA</u></b> State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9<sup>th</sup> Floor Richmond, Virginia 23219 (804) 371-9051</p> <p><u>Agents for Service of Process:</u> Clerk of the State Corporation Commission 1300 East Main Street, 1<sup>st</sup> Floor Richmond, Virginia 23219</p> <p><b><u>WASHINGTON</u></b> Department of Financial Institutions Securities Division 150 Israel Road SW Tumwater, WA 98501 (360) 902-8760</p> <p><u>Mailing Address:</u> Department of Financial Institutions Securities Division PO Box 41200 Olympia, WA 98504-1200</p> <p><b><u>WISCONSIN</u></b> Department of Financial Institutions Division of Securities 201 W Washington Avenue, Suite 500, Madison, WI 53703 (608) 261-9555</p>
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**EXHIBIT "B"**

**TO DISCLOSURE DOCUMENT**

**FRANCHISOR'S AGENT FOR SERVICE OF PROCESS**

Corporation Service Company  
251 Little Falls Dr.  
Wilmington, DE 19808

In states listed in EXHIBIT "A", the additional agent  
for Service of Process is listed in EXHIBIT "A"

**EXHIBIT "C"**  
**TO DISCLOSURE DOCUMENT**  
**FRANCHISE AGREEMENT**

*[See Attached]*



# FRANCHISE AGREEMENT

FRANCHISEE: \_\_\_\_\_  
DATE: \_\_\_\_\_

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### ATTACHMENTS

ATTACHMENT "A"	Deal Terms
ATTACHMENT "B"	Form of Site Approval Notice
ATTACHMENT "C"	Lease Addendum
ATTACHMENT "D"	Franchise Owner Agreement
<del>ATTACHMENT "E"</del>	ATTACHMENT "E" ACH Authorization Form
ATTACHMENT "F"	Confidentiality Agreement

## BEST IN CLASS EDUCATION CENTER FRANCHISE AGREEMENT

This Best In Class Education Center Franchise Agreement (this “Agreement”) is entered into as of \_\_\_\_\_, 202\_\_ (the “Effective Date”) between BiC Franchise System Corporation, a Delaware corporation (“we” or “us”) and \_\_\_\_\_, a(n) \_\_\_\_\_ (“you”).

**1. DEFINITIONS.** Capitalized terms ~~used in this Agreement~~not defined above have the meanings given to them below:

“Account” means the checking account you designate from which we deduct fees and other amounts owed to us and our affiliates in accordance with §14.6.

“ACH Agreement” means the ACH Authorization Agreement attached hereto as ATTACHMENT "E"ATTACHMENT "E", which authorizes us to electronically debit your Account for amounts owed to us and our affiliates.

“Acquisition” means either: (a) a competitive or non-competitive company, franchise system, network or chain directly or indirectly acquiring us, whether in whole or in part, including by asset or stock purchase, change of control, merger, affiliation or otherwise; or (b) us, or our affiliate or parent, directly or indirectly acquiring another competitive or non-competitive company, franchise system, network or chain, whether in whole or in part, including by asset or stock purchase, change of control, merger, affiliation or otherwise.

“Acquired Assets” means any assets associated with your Center that we elect to purchase upon termination or expiration of this Agreement, as further described in §~~22.2~~22.2(a).

“Affiliate Program” means any program or revenue-generating activity conducted at or in connection with your Center that is not a standard part of our System but is approved by us.

“Affiliate Program Sales” means the total gross sums ~~that~~ you collect from all Affiliate Programs conducted in connection with your Center. Affiliate Program Sales also include amounts that third-party marketing agencies, such as Groupon, receive and retain from your customers for marketing goods or services relating to your Affiliate Programs. Affiliate Program Sales ~~do not include~~excludes: (a) ~~any~~ sales or use taxes you pay to a Governmental Authority; (b) ~~revenues~~revenue you collect and subsequently refund to ~~the~~a customer in a bona fide refund transaction; (c) Gross Sales; ~~or~~and (d) Special Program Sales.

“After-School Program” means the optional educational program you may offer at your Center whereby students visit every day after school for at least two and one-half (2.5) hours per day and receive one (1) packet of Math and one (1) packet of English each week.

~~“Agreement” is defined in the Introductory Paragraph.~~

“Alternative Channels of Distribution” means any channel of distribution other than retail sales made to students or their parents while present at a Center or Satellite Office, including, but not limited to: (a) the sale of educational products (such as educational DVDs, software programs, curriculum, tapes or books) through direct marketing (such as over the Internet or through catalogs or telemarketing) or from outlets other than a Center (such as retail stores, schools or other educational facilities); (b) the sale of educational products or programs (including licensing of the LMS platform) to school districts, home school organizations, non-profit organizations and other businesses that do not operate under the Marks; (c) the sale of educational products or services at wholesale; and (d) providing “on-site” tutoring or educational classes at schools or at students’ homes.

“Anti-Terrorism Law” means Executive Order 13224 issued by the President of the United States of America (or any successor Order), the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act (USA PATRIOT Act) of 2001 (or any successor legislation) and all other present and future federal, state and local Laws, ordinances, regulations, policies, lists, orders and any other requirements of any Governmental Authority addressing or in any way relating to terrorist acts and acts of war.

~~“Appraised Value” is defined in §22.2.~~

“Appraised Value” means the fair market value of the Acquired Assets as determined by independent appraisers in accordance with §22.2(b).

“BC Portal” means the proprietary online platform owned by LBIS and used by franchisees to manage student and parent contact information and enrollment data and perform invoicing and payment functions, as modified by LBIS from time to time.

“BC Printing Software” means the proprietary software owned by LBIS and used by franchisees to print educational materials, as modified by LBIS from time to time.

“BCP-LMS” means our proprietary business management platform owned by LBIS and used to operate a Center, and which incorporates various Technology Systems including BC Portal, BC Printing Software and LMS. The term includes any modified or successor platform that LBIS designates in the future.

“Business” means the franchised business you operate pursuant to this Agreement.

“Business Data” means, collectively or individually, Customer Data and Operational Data.

“Center” means any ~~Best In-Class Education Center that is authorized~~ education business that we authorize to operate under our Marks and use our System. ~~A Center may refer to a Best In-Class Education Center operated by us, our affiliate, you or another franchisee, as the context may require. It does not include a Satellite Office.~~

“Center Territory” ~~is defined~~ means the protected territory for your Center, as further described in §31.

“Claim” or “Claims” means any ~~and all claims, actions, demands, assessments~~ ~~action, allegation, assessment, claim, demand,~~ litigation, ~~proceeding or other form of~~ regulatory or adjudicatory procedures, ~~claims, demands, assessments, investigations, or formal or informal inquiries~~ ~~procedure, investigation or inquiry.~~

“Competitive Competing Business” means any business that meets at least one of the following criteria: (a) any educational business that derives, or is reasonably expected to derive, at least 50% of its revenues from the sale of one or more of the following: (i) supplemental education classes and/or tutoring in Mathematics; (ii) supplemental education classes and/or tutoring in English; (iii) SAT preparation courses and/or tutoring; (iv) ACT preparation courses and/or tutoring; and/or (v) the sale of any educational products relating to any of the foregoing types of educational services; (b) any business that solicits, offers or sells franchises or licenses for a business that meets the criteria in clause (a) of this definition; and/or (c) any business that services, trains, supports, consults with, advises or otherwise assists any Person with respect to the development, management and/or operation of a business that meets the criteria in clause (a) of this definition. A ~~Competitive Competing~~ Business does not include any Center or Satellite Office operated pursuant to a valid franchise agreement, license agreement or Satellite Office Addendum signed by us or our affiliate.

“Confidential Information” means and includes: (a) ~~the~~ Know-How; (b) ~~the~~ Business Data; (c) ~~the information in the Manual or comprising the System;~~ (d) terms of ~~the~~ Definitive Agreements and ~~all attachments any amendments~~ thereto; and ~~amendments thereof;~~ ~~(d) the components of the System;~~ ~~(e) all information within or comprising the Manual;~~ and (f) all other concepts, ideas, trade secrets, financial information, marketing strategies, expansion strategies, studies, supplier information, customer information, franchisee information, investor information, flow charts, inventions, mask works, improvements, discoveries, standards, specifications, formulae, recipes, designs, sketches, drawings, policies, processes, procedures, methodologies and techniques, together with analyses, compilations, studies or other documents that are: (i) ~~are~~ designated as confidential; (ii) ~~are~~ known by you to be considered confidential by us; and/or (iii) ~~are by their nature inherently or~~ reasonably to be considered confidential; due to their nature. Confidential Information does not include ~~any~~ information that: (a) is now, or subsequently becomes, generally available to the public (except as a result of a breach of confidentiality obligations by you or your Owners, employees or other constituents); (b) you can demonstrate was rightfully ~~in your possession~~ possessed by you or an Owner, without obligation of nondisclosure, before we disclosed the information to you or the Owner; (c) is independently developed by you or an Owner without any use of, or reference to, any Confidential Information; or (d) is rightfully obtained from a third party who has the right to transfer or disclose ~~such~~ the information to you or an Owner without breaching ~~any obligation of a~~ confidentiality covenant imposed on such third party.

“Confidentiality Agreement” means the Confidentiality Agreement that must be signed by certain of your

employees pursuant to §15.5, the current form of which is attached hereto as ATTACHMENT "F".

"Copyrighted Materials" means all copyrightable materials for which we or our affiliate ~~have secured~~ claim or secure common law or registered copyright protection and that we allow franchisees to use, sell or display in connection with the marketing and/or operation of a Center, ~~whether now in existence or created in the future.~~

"Customer Data" means and includes any and all data that pertains to students and/or their parents, including, without limitation, name, address, contact information, date of birth, purchase history, enrollment history, testing scores and other educational data, and any other information collected about students or their parents for any purpose.

"Definitive Agreements" means, collectively: (a) this Agreement; (b) the Area Development Agreement pursuant to which this Agreement is executed (if applicable); (c) any other Franchise Agreement between you (or your affiliate) and us (or our affiliate) for a Center or any other franchised concept; and (d) all ancillary agreements ~~executed in connection with~~ related to any of the foregoing, including, ~~without limitation, each related~~ Franchise Owner Agreement and Satellite Office Addendum (if applicable). Agreements.

"Dispute" means any Claim, dispute or disagreement between the parties, including any matter pertaining to: (a) the interpretation or enforcement of this Agreement; (b) the offer or sale of the franchise; or (c) the relationship between the parties.

"Early Termination Fee" means the \$5,000 fee you must pay us if, prior to the expiration of the Term, you: (a) cease operating your Center or terminate this Agreement without cause; and (b) fail to comply with the 180-day notice and other procedural requirements set forth in §21.1.

~~"Effective Date" is defined in the Introductory Paragraph.~~

"Enrichment Programs" means weekly group tutoring in Mathematics, English and/or STEM.

"Enrichment Sales" means the total amount of ~~your~~ Gross Sales ~~that is~~ derived from the sale of Enrichment Programs.

"Entity" means a corporation, partnership, limited liability company or other form of association.

"Equity Interest" means a direct or indirect ownership or beneficial interest in the capital stock of, partnership or membership interest in, or other equity, ownership or beneficial interest in ~~an~~ a business or Entity (including voting rights).

~~"Excluded Claim" is defined in §23.~~

"Excluded Claim" means a Claim that, according to §23, is not subject to mandatory mediation or arbitration.

"Force Majeure" means acts or circumstances that are beyond a party's control, including fire, storm, flood, earthquake, explosion or accident, acts of war or terrorism, rebellion, insurrection, sabotage, epidemic, failures or delays of transportation and strikes, provided that: (a) the non-performing party ~~provides written notice to~~ promptly notifies the other party of the Force Majeure ~~event within three (3) days of becoming aware of the occurrence of such~~ event; (b) the non-performing party is without fault and the delay or failure could not have been prevented by reasonable precautions by the non-performing party; (c) nothing herein shall excuse or permit any delay or failure to pay fees or other amounts owed on the applicable due date; (d) insolvency, lack of required funds or financing, currency fluctuations, currency devaluations, foreign exchange controls or inflation shall never be deemed Force Majeure; and (e) an epidemic or pandemic of a contagious illness or disease, or economic or financial changes caused by an epidemic or pandemic of a contagious illness or disease, shall never be deemed Force Majeure except to the extent a Governmental Authority mandates closure (or prevents the opening) of the Center as a result of such epidemic or pandemic.

"Franchise Owner Agreement" means the Franchise Owner Agreement attached as ATTACHMENT "D" that the Owners and their spouses must sign.

"Franchisee Entity" means ~~the~~ an Entity, ~~if applicable,~~ that: (a) signs this Agreement as the franchisee (~~i.e.,~~

~~“you”~~ if this Agreement is signed by an Entity~~;~~ or (b) assumes this Agreement subsequent to its execution by the original Owners.

~~“Franchise Owner Agreement” means the Franchise Owner Agreement that must be signed by the Owners (and their spouses, if applicable) pursuant to §9, the current form of which is attached hereto as ATTACHMENT “D”.~~

~~“General Release” means our then-current form of Waiver and Release of Claims that you and your Owners must sign pursuant to: (a) §4.24.2 (in connection with a renewal of your franchise rights); renewal; (b) §20.220.2 (in connection with a Transfer); or (c) §21.1 (in connection with a “no-cause” termination of this Agreement by you).~~

~~“Gift Card Program Participation Rules” means the policies, procedures, fees and other requirements pertaining to any gift card program we implement, as further described in §11.10.~~

~~“Government Official” means any: (a) officer or employee of a Governmental Authority; (b) commercial or similar entity owned or controlled by a Governmental Authority, including state-owned and state-operated companies or enterprises; (c) public international organization (e.g., United Nations, World Bank); (d) political party or official thereof; or (e) candidate for political office.~~

~~“Governmental Authority” means any national, provincial, state, county, local, municipal or other government, or any ministry, department, agency or subdivision thereof, whether administrative or regulatory, or any other body that exercises similar functions, and including any court or taxing authority.~~

~~“Gross Sales” means the total gross sums that you collect (a) collected from all goods and services sold from or in connection with your Center, together with all other revenues and monies derived in connection with or (b) that otherwise relate to your Center, including advertising revenues revenue, sponsorship fees and business interruption insurance proceeds. Gross Sales also include amounts that third-party marketing agencies, such as Groupon, receive and retain from your customers for marketing goods or services relating to your Center. Gross Sales do not include excludes: (a) any sales or use taxes you pay to a Governmental Authority; (b) revenues revenue you collect and subsequently refund to the a customer in a bona fide refund transaction; (c) revenue derived from the sale of furniture, fixtures or equipment in the ordinary course; (d) Affiliate Program Sales; or (d and (e) Special Program Sales. The Manual may include policies governing the manner in which proceeds from the sale of gift cards are treated for purposes of calculating Gross Sales.~~

~~“Improvement” means any idea, addition, modification or improvement to the (a) the goods or services offered or sold at a Center, (b) the method of operation of a Center, (c) the processes, systems or procedures utilized by a Center, (d) the marketing, advertising or promotional materials, programs or strategies utilized by a Center or (e) the trademarks, service marks, logos or other intellectual property utilized by a Center, whether developed by you, your Owners, your employees an Owner, an employee or any other Person associated with you or your Center.~~

~~“Indemnified Party” or “Indemnified Parties” means and includes us and each of our past, present and future owners, members, officers, directors, employees and agents, as well as our parents, subsidiaries and affiliates, and each of their past, present and future owners, members, officers, directors, employees and agents.~~

~~“Intellectual Property” means, collectively or individually, the Business Data, Copyrighted Materials, Improvements, Know-how, Marks and System.~~

~~“Interim Manager” means the a Person we designate to temporarily manage your Center under the circumstances described in §8.5.~~

~~“Interim Term” means a month-to-month extension of the Term under the circumstances described in §4.3.~~

~~“IP Dispute” means any: (a) actual or suspected infringement of the Intellectual Property; (b) challenge to your use of the Intellectual Property; or (c) claim by any Person, other than us or our affiliate, of any rights in or to the Intellectual Property.~~

~~“Know-how” means all of our trade secrets and other proprietary information relating to the design, construction, development, marketing or operation of a Center, including, but not limited to: architectural plans, drawings and specifications for a prototype Center; site selection criteria; curricula; instructional~~

materials; methods and techniques; standards and specifications; policies and procedures; supplier lists and information; marketing strategies; merchandising strategies; financial information; and information comprising the System or included in the Manual.

“Law” means and includes all laws, judgments, decrees, orders, rules, regulations, ordinances, advisory opinions or official legal interpretations of any Governmental Authority.

“LBIS” means our affiliate LBIS, LLC.

“Learning Management System” or “LMS” means the proprietary online platform ~~we designate to deliver~~ owned by LBIS and ~~manage in person~~ used by franchisees and ~~remotely conducted classes for English, math and, if applicable, STEM courses.~~ teachers to perform various business functions relating to the operation of a Center, as modified by LBIS from time to time.

“Local Marketing Commitment” means the minimum amount of money you must spend each month on local advertising and marketing to promote your Center in accordance with ~~§10.3(a)~~ 10.3(b).

“Losses and Expenses” means and includes any ~~or all~~ of the following: compensatory, exemplary and punitive damages; fines and penalties; attorneys’ fees; experts’ fees; court costs; Travel Expenses and other costs associated with investigating and defending ~~against Claims~~ a Claim; settlement amounts; judgments; ~~compensation for damages~~ damage to reputation or goodwill; and all other costs, damages, liabilities and expenses associated with any of the foregoing losses and expenses or otherwise incurred by an Indemnified Party ~~as a result of a Claim~~.

“Management Training” means our then-current franchise operations and management training program.

“Manager” means a Person you hire to provide onsite supervision and management of your Center and who meets the criteria and requirements set forth in §8.2.

“Managing Owner” means the Owner you designate and we approve with primary responsibility for the overall management and supervision of your Center in accordance with §8.1.

“Manual” means our confidential Brand Standards Manual described in §11.2 for the operation of a Center; ~~as further described in §11.2.~~

“Marks” means and includes all service marks, trademarks, trade names and logos that we designate from time to time and authorize Centers to use, including “~~Best In Class Education Center~~” BEST IN CLASS EDUCATION CENTER<sup>®</sup> and the associated logo. The Marks also include any distinctive trade dress used to identify a Center.

“Operational Data” means and includes all data and information pertaining to the operation of your Center, including, without limitation, employee data, expense data, financial accounting data and sales data.

“Owner” means a Person who either: (a) directly signs this Agreement as the franchisee ~~(either alone or in conjunction with one or more other Persons);~~ or (b) directly or indirectly ~~(through one or more intermediaries)~~ owns any Equity Interest in the Business or Franchisee Entity ~~(if the franchisee under this Agreement is an Entity).~~

“PCI-DSS” means the payment card industry data security standard, which is a set of security requirements established by the following major credit card brands from time to time: American Express, Discover Financial Services, JCB International, MasterCard Worldwide, and Visa Inc., which standards are set forth at <https://www.pcisecuritystandards.org> as of the Effective Date.

“Permitted Transfer” means: ~~(a) a Transfer from one Owner to another Owner who was an approved Owner prior to such Transfer, other than a Transfer that results in the Managing Owner holding less than a 20% ownership interest in the Business or the Franchisee Entity, as applicable; and/or: (a) between existing Owners; or (b) a Transfer by the Owners to a newly established new Franchisee Entity for which such Owners collectively own and control 100% of the Equity Interests; provided, however, that a Permitted Transfer does not include a Transfer that results in the Managing Owner owning less than 20% of the Equity Interests in the Business or Franchisee Entity.~~

“Person” means an individual, Entity, unincorporated organization, joint venture, Governmental Authority, estate (or executor thereof) or trust (or trustee thereof).

“*Post-Term Restricted Period*” means, with respect to you, ~~a the two-year period of two (2) years~~ after the termination, expiration or Transfer of this Agreement; *provided, however*, that if a court of competent jurisdiction determines the two-year ~~Post Term Restricted Period period~~ is too long to be enforceable; then Post-Term Restricted Period means ~~a period of the~~ one (1) ~~year~~ period after the termination, expiration or Transfer of this Agreement.

“*Post-Term Restricted Period*” means, with respect to an Owner, ~~a period of two (2) years~~ the two-year period after the earlier to occur of: (a) the termination, expiration or Transfer of this Agreement; or (b) the date on which the Owner no longer owns an Equity Interest in the Business or Franchisee Entity; provided, however, that if a court of competent jurisdiction determines the two-year period is too long to be enforceable then Post-Term Restricted Period means the one-year period after the earlier to occur of: (a) the termination, expiration or Transfer of this Agreement; or (b) the ~~Owner’s Transfer of his or her entire ownership interest in the Business or the Franchisee Entity, as applicable; provided, however, that if a court of competent jurisdiction determines the two-year Post Term Restricted Period is too long to be enforceable, then Post Term Restricted Period means a period of one (1) year after the earlier to occur of: (a) the termination, expiration or Transfer of this Agreement; or (b) the Owner’s Transfer of his or her entire ownership interest in the Business or the Franchisee Entity, as applicable~~ date on which the Owner no longer owns an Equity Interest in the Business or Franchisee Entity.

“*Prohibited Activities*” means and includes any of the following: (a) owning, operating or having any other interest (e.g., as an owner, partner, a director, officer, employee, manager, consultant, shareholder, creditor, representative, agent or in any similar capacity) in ~~any Competitive~~ Competing Business, other than owning ~~an interest of five percent (5%) or less than 5% of the Equity Interests in a Competing Business that is a publicly-traded company that is a Competitive Business;~~ (b) disparaging or otherwise making negative comments about us, ~~any of our affiliates~~ affiliate, the System and/or any Center; (this provision does not prohibit disclosure of truthful information to Governmental Authorities); (c) diverting or attempting to divert any business from us ~~(or one of our affiliates affiliate or another franchisee; and/or franchisees); or~~ (d) inducing any ~~customer of ours (or of one of our affiliates or franchisees)~~ Person to transfer their business from a Center to a competitor.

“*Restricted Territory*” means the geographic area within: ~~(a) a 25-mile radius from: (a) your Center (and including your Center’s premises itself); (b) a 25-mile radius from any Satellite Office you develop; (including your Satellite Office’s premises); and (c) a 25-mile radius from all any other Centers and Center or Satellite Offices~~ Office that are ~~is~~ operating or under construction ~~as of the Effective Date and remain in operation or under construction during all or any part of~~ when the Post-Term Restricted Period begins; *provided, however*, that if a court of competent jurisdiction determines ~~that~~ the foregoing Restricted Territory is too broad to be enforceable; then Restricted Territory means the geographic area within: ~~(a) a 25-mile radius from: (a) your Center (and including your Center’s premises itself); and; (b) a 25-mile radius from any Satellite Office you develop. (including your Satellite Office’s premises).~~

“*Satellite Office*” means a Best In Class Education Center that: (a) consists of “temporary space” that is not subject to a lease of more than 12 months in duration; and (b) consists of space that is shared between you (or other owner of the Satellite Office) and one or more other businesses or organizations. Examples include churches, temples, libraries, HOA buildings, YMCAs, Boys & Girls Clubs, community centers, schools, and similar types of facilities.

“*Site Approval Notice*” means the Site Approval Notice attached ~~hereto~~ as ATTACHMENT "B" ATTACHMENT "B" that we may issue to you ~~in accordance with pursuant to~~ §3.2 and §7.1.1 to identify your Center Territory and the approved site for your Center ~~and designate the boundaries of your Center Territory.~~

“*Site Drawing*” means a basic preliminary site drawing consisting of our proposed high-level design and layout for your Center (and each room within your Center), including our suggestions for the layout and configuration of required furniture and equipment.

“*Site Selection Area*” means the geographic area described in Part B of ATTACHMENT "A": and within which you must find a site we approve for your Center.

“*Special Program Sales*” means the total gross sums ~~that~~ you collect from all After-School Programs and

Summer Camp Programs conducted in connection with your Center. Special Program Sales also include amounts that third-party marketing agencies, such as Groupon, receive and retain from your customers for marketing goods or services relating to your After-School Programs and Summer Camp Programs. Special Program Sales ~~do not include~~ excludes: (a) ~~any~~ sales or use taxes you pay to a Governmental Authority; (b) ~~revenues~~ revenue you collect and subsequently refund to ~~the~~ a customer in a bona fide refund transaction; (c) Affiliate Program Sales; ~~or~~ and (d) Gross Sales.

“Successor Agreement” means our then-current form of Best In Class Education Center Franchise Agreement you must sign pursuant to §4.2 in ~~order to renew~~ connection with a renewal of your franchise rights.

“Summer Camp Program” means the optional educational program you may offer at your Center during the Summer whereby students visit every day, five (5) days per week, for at least two and one-half (2.5) hours per day, and receive one (1) packet of Math and one (1) packet of English each week.

“System” means the business format and operating system developed for the operation of a Center, the distinctive characteristics of which include: proprietary curriculum and educational materials; proprietary technology; trade secrets (if any); methods; techniques; procedures; and operating system.

“Teacher” means any Person who teaches classes or provides tutoring at your Center.

“Technology Systems” means and includes all information and communication technology systems we specify from time to time, including, without limitation, computer systems, point-of-sale systems, learning systems, printing systems, webcam systems, telecommunications systems, security systems, music systems and similar systems, together with the associated hardware, software (including cloud-based software) and related equipment, software applications, mobile apps, and third-party services relating to the establishment, use, maintenance, monitoring, security or improvement of these systems.

“Term” means the period of time beginning on the Effective Date and expiring on the earlier to occur of: (a) the fifth (5<sup>th</sup>) anniversary of the Effective Date; or (b) the date this Agreement is effectively terminated ~~for any reason~~.

“Third-Party Technology” means any Technology Systems (or components thereof) that are owned by Persons who are not affiliated with us.

“Total Sales” means the sum of your Affiliate Program Sales, Gross Sales and Special Program Sales.

“Transfer” means any direct or indirect, voluntary or involuntary ~~(including by judicial award, order or decree)~~, assignment, sale, conveyance, subdivision, sublicense or other transfer or disposition of:

- (a) this Agreement (or any interest therein);
- (b) the franchise ~~rights~~ or intellectual property rights granted by this Agreement (or any interest therein);
- (c) the Business ~~conducted by you~~ conduct pursuant to this Agreement (or any interest therein);
- (d) ~~the Center’s~~ your Business assets ~~(other than, excluding~~ the sale of furniture, fixtures or equipment in the ordinary course ~~of business)~~; or
- (e) an Equity Interest in the Business or Franchisee Entity;

including by: merger or consolidation, ~~by: judicial award, order or decree;~~ issuance of additional Equity Interests ~~in the Franchisee Entity, or by (including public and private offerings); foreclosure of a security interest by a lender; or~~ operation of Law, will or a trust upon ~~the an Owner’s~~ death ~~of an Owner~~ (including via the Laws of intestate succession).

“Travel Expenses” means and includes all travel, meals and lodging expenses incurred by us and ~~or~~ our trainers, field support personnel, auditors or other representatives to visit your Center, including: (a) economy tickets (no red-eye flights); (b) business class hotels (3.5 stars and up); (c) up to \$50 per Person per day for meals; and (d) actual costs incurred for local transportation, such as car rental fees plus insurance costs, taxi fare, Uber fees, etc. Travel Expenses also includes all travel, meals and lodging expenses incurred by you and your personnel to attend training or conferences.

~~“We” or “us” is defined in the Introductory Paragraph.~~

~~“You” is defined in the Introductory Paragraph.~~

2. **GRANT OF FRANCHISE.** We hereby grant you the right and license to own and operate one (1) Center using our Intellectual Property from a site that we approve. As a franchisee, you will establish and operate an education center that provides school-aged children with supplemental learning opportunities in the areas of Mathematics and English as well as SAT and ACT preparation courses. We reserve all rights not expressly granted to you.

3. ~~**TERRITORIAL RIGHTS AND LIMITATIONS**~~ **TERRITORY.**

3.1. Territory Description. We will grant you a ~~protected~~ territory (your “Center Territory”) that includes between 15,000 and 18,000 students between the ages of 5 and 17. We may designate the boundaries of your Center Territory in any manner we deem appropriate as long as includes a student population equal to or greater than the minimum student population specified above. We may use data from any source we deem appropriate to determine the student population within an area. We do not modify your Center Territory based on student population changes during the Term. Upon renewal, we reserve the right to modify your Center Territory in accordance with our then-current territory guidelines and criteria.

3.2. Territory Designation. If we approve the site for your Center ~~prior to execution of~~ before signing this Agreement, ~~then we will describe your Center Territory in Part D of ATTACHMENT "A" shall identify the geographic area that comprises ATTACHMENT "A".~~ Otherwise, we will describe your Center Territory. If we do not approve the site for your Center prior in the Site Approval Notice we send to execution of this Agreement, then you within 15 days after we approve the your site ~~for your Center, pursuant to §7.1. Within five (5) business days after we will send you at the Site Approval Notice that identifies: (a) you must sign and date the address franchisee acknowledgment section and send us a copy for our records. Our approval of the approved site for your Center; and (b) the geographic area that comprises your Center Territory site and designation of your Center Territory is immediately effective and binding at the time we issue the Site Approval Notice even if you do not sign the acknowledgment; provided, however, you have five (5) business days after receipt of the Site Approval Notice to suggest changes to your Center Territory (which will include between 15,000 and 18,000 students between the ages of 5 and 17, may, but need not, accept).~~

3.1. Territorial Protections & Limitations. During the Term we will not develop or operate, or license a third party to develop or operate, a Center or a Satellite Office that is ~~physically~~ located within the Center Territory except as otherwise provided in this Section with respect to Acquisitions. At any time during the Term, ~~we reserve the right to engage in Acquisitions, even if as a~~ that involve, or subsequently result of an Acquisition one or more competitive businesses in, conversion of the acquired or acquiring company begin using our Intellectual Property (including our Marks) and company's outlets to BEST IN CLASS EDUCATION CENTER® outlets, even if those outlets are located within the in your Center Territory. We reserve the right to sell, and license third parties to sell, competitive or identical goods and services (including under the Marks) within the Center Territory through Alternative Channels of Distribution, including within the Center Territory and you are not entitled to any compensation for these sales.

4. **TERM AND RENEWAL.**

4.1. **Generally.** This Agreement grants you the right to operate your Center ~~only~~ during the Term. ~~Provided that you satisfy all conditions~~ You may renew your franchise rights by signing a Successor Agreement for a five (5) year renewal specified below, you term. You may enter into a maximum of three (3) Successor Agreements following the Agreement(s). The parties may agree to further renewals after expiration of the Term, third (3<sup>rd</sup>) renewal term, but neither party is obligated to do so (unless required by applicable Law, in which case the same renewal terms and conditions set forth in this Agreement shall apply to subsequent renewals). In order to sign a Successor Agreement you must satisfy all renewal conditions specified in this Agreement or the Successor Agreement you wish to renew, as applicable. The Successor Agreement shall be the current form of franchise agreement we use ~~in granting to grant~~ franchises as of the expiration of the Term or renewal term, as applicable,

the terms of which may vary materially and substantially from the terms of this Agreement. ~~Upon renewal, we also reserve the right to modify the boundaries of your Center Territory in accordance with our then-current territory guidelines and criteria. Each renewal term will be five (5) years. The parties may agree to further renewals after expiration of the third (3<sup>rd</sup>) renewal term, but neither party is obligated to do so.~~ If this Agreement is a Successor Agreement, the ~~renewal provisions in your original franchise agreement will dictate the length of the~~ Term of this Agreement and your remaining renewal rights, if any, shall be governed by your original franchise agreement.

**4.2. Renewal Requirements.** In order to ~~enter into a Successor Agreement,~~renew you and the Owners (as applicable) must:

- (i)(a) notify~~send~~ us in writing a notice of your ~~desire~~intent to enter into a Successor Agreement not less than ~~180~~210 days nor more than 270 days before the expiration of the Term or renewal term, as applicable;
- (ii)(b) not be in default under any Definitive Agreement at the time you send the renewal notice or the time you sign the Successor Agreement;
- (iii)(c) sign the Successor Agreement and all ancillary documents we require franchisees to sign;
- (iv)(d) sign a General Release;
- (v)(e) pay us a \$2,500 renewal fee;
- (vi)(f) remodel your Center and upgrade your furniture, fixtures and equipment to ~~comply with~~conform to our then-current standards and specifications; and
- (vii)(g) extend the term of your lease for the duration of the renewal term.

We may condition your right to renew on compliance with any minimum customer satisfaction requirements we develop and uniformly impose. If we elect not to renew or offer you the right to renew, we will send you a ~~written~~ notice of non-renewal at least 180 days prior to the expiration date, which shall set forth the basis for our decision ~~not to renew or offer.~~ If you have any objection to our notice of non-renewal, including a dispute as to the right to renew, basis for our decision, you must send us a notice of objection that sets forth the basis for your objection. Your notice of objection must be sent to us no later than 30 days after you receive our notice of non-renewal. Your failure to send us a notice of objection during such 30-day period constitutes your consent to the non-renewal of your franchise. Our failure to send you a notice of non-renewal at least 180 days prior to the expiration date ~~shall constitute~~constitutes our offer to renew your franchise in accordance with, and subject to, the renewal terms and conditions set forth above. ~~If you have any objections to our notice of non-renewal, including any dispute as to the basis for our decision not to renew, you must send us a written notice of objection that sets forth the basis for your objections. Your notice of objection must be sent to us no later than 30 days after you receive our notice of non-renewal. Your failure to send us a written notice of objection during such 30-day period shall constitute your agreement to the non-renewal of your franchise.~~

**4.3. Interim Term.** If you do not sign a Successor Agreement ~~after the expiration of the Term and you~~but continue to ~~accept the benefits of~~operate your Center after the Term expires, we may either treat this Agreement, ~~then at our option, this Agreement may be treated either~~ as: (a) expired as of the Term expiration date ~~of the expiration of the Term~~ with you operating ~~without a franchise to do so and~~ in violation of our rights; or (b) continued on a month-to-month basis (the “Interim Term”) until either party provides the other party with 30 days’ prior ~~written~~ notice of ~~the party’s intention to terminate~~ termination of the Interim Term. ~~In the latter case, all of~~All your obligations ~~will~~ remain in full force and effect during the Interim Term, if applicable, as if this Agreement had not expired, and all obligations ~~and restrictions~~ imposed on you upon ~~the expiration or termination of this Agreement~~the Term will ~~be deemed to~~ take effect upon ~~the~~ termination of the Interim Term.

## 5. TRAINING AND CONFERENCES

- 5.1. **Initial Training Program.** The Managing Owner and ~~either you~~all initial ~~Manager (if you hire a Manager before opening) or another Owner (if you do not hire a Manager before opening)~~Managers must ~~attend and~~ successfully complete our ~~initial~~franchise operations and management training program ("Management Training") before ~~you open~~ your Center opens. To prepare for initial training, the Managing Owner must complete our virtual training consisting of video-based training and video calls with our corporate trainers prior to attending ~~initial training at our corporate headquarters.~~Management Training. As part of our initial training program, we will also provide the initial onsite training and operational support described in §6.3.
- 5.2. **Initial Post-Opening Training For New Owners/Managers.** ~~Any. If you hire a new Manager or appoint a new Managing Owner or Manager appointed or hired after we conduct our pre-opening initial training program, the new Manager or Managing Owner, as applicable, must attend and your Center opens must~~ successfully complete ~~our then-current initial training program before assuming responsibility for the management of your Center.~~Management Training prior to managing your Center. We may, but need not, allow your Managing Owner to train new Managers you hire.
- 5.3. **Periodic Training.** We may offer periodic refresher or ~~additional~~supplemental training courses for your Managing Owner and Managers. We may designate ~~attendance at these training programs each course~~ as mandatory or optional. ~~We, but~~ will not require attendance at more than five (5) days of ~~periodic~~such training ~~during any calendar~~per year.
- 5.4. **Additional Training Upon Request.** ~~Upon your written request, we may, but need not, provide additional assistance or training to you at a mutually convenient time.~~
- 5.5. **Remedial Training.** If we determine ~~you are not operating~~ your Center is not operating in full compliance with this Agreement ~~and/or~~ the Manual, we may, ~~at our option,~~ require that your Managing Owner and ~~management personnel~~Managers attend remedial training relevant to your operational deficiencies. We may, but need not, provide additional assistance or training requested by you at a mutually convenient time.
- 5.6. **Conferences.** ~~We may hold periodic national or regional conferences to discuss various business issues and operational and general business concerns affecting Centers. Attendance at these conferences is mandatory for your Managing Owner and Managers, but we will not require them to attend more than three (3) days of conferences each during any calendar year.~~

5.3. Training Locations. Our training programs may take place at any location we designate. We reserve the right to conduct training programs virtually.

- 5.7.5.4. Training Fees and Expenses. We provide our ~~pre-opening~~preopening initial training program at no additional charge (this training is covered by the initial franchise fee, which includes a \$10,000 initial training fee). We may charge an additional training fee of \$700 per Person for: (a) any new Managing Owner or Manager that attends ~~our management training program~~Management Training after opening; and (b) any Person who retakes ~~our management training program~~Management Training after failing a prior attempt. We will waive this fee for any Person attending a previously scheduled initial training program conducted for another franchisee, but reserve the right to charge for any costs we incur for training materials. We alsoWe may charge a training fee of up to \$350 per Person per day for any Person who attends remedial training or additional training you request. We do not charge a training fee for system-wide refresher orongoingsupplemental training ~~programs we conduct at our headquarters~~ or ~~virtual training programs.~~ You must pay us a training fee of up to \$350 per Person per day for: (a) any remedial training we require based on your operational deficiencies; and (b) each Person to whom we provide additional training that you request. a company-owned Center. If we ~~We may charge you a conference registration fee of \$350 per Person per conference. If we agree to~~ provide onsite training or assistance, you must also reimburse us for all Travel Expenses we incur, including as set forth in §6.3. ~~You are responsible for all expenses and costs your trainees incur for training or attending conferences, including wages, travel and living~~

~~expenses~~. All training fees and Travel Expense reimbursements are due 10 days after invoicing except: (a) as otherwise provided in §6.3 with respect to certain pre-paid expenses; and (b) the ~~management training fee~~ for Management Training, which is due prior to training. You are responsible for all wages and Travel Expenses you and your personnel incur to attend training.

5.5. Conferences. We may hold periodic conferences to discuss business and operational matters relevant to Centers. Attendance is mandatory unless: (a) we designate attendance as optional; or (b) we waive your obligation to attend based on showing of good cause. We will not require attendance at more than three (3) days of conferences in any calendar year. We may charge you a conference registration fee of \$350 per Person per conference. You are also responsible for wages and Travel Expenses you and your personnel incur to attend conferences.

## 6. OTHER FRANCHISOR ASSISTANCE.

6.1. **Manual.** We provide you with access to our Manual in electronic form during the Term. The Manual will help you develop and operate your Center. The information in the Manual is confidential and proprietary and may not be disclosed to third parties without our prior approval.

6.2. ~~**Learning Management System.** Our affiliate, Adaptively Education, Inc., will grant you a license to utilize our proprietary Learning Management System (LMS). Upon execution of this Agreement, you must pay a \$2,000 fee for the initial setup and configuration of LMS at your Center. After opening, you must pay an ongoing monthly licensing fee for access to and use of LMS. The monthly fee is calculated by multiplying a “base fee” (as set forth in the Manual) by the total number of students enrolled at your Center as of the last day of the immediately preceding month. The base fee, which is currently \$8 per student per subject per month (Mathematics, English and STEM are each considered a separate “subject”), may be increased upon 90 days’ prior notice, but will not exceed \$15 per student per subject per month during the Term. You must also pay an ongoing monthly curriculum distribution fee calculated as the sum of (i) 2% of the difference between your Gross Sales minus your Enrichment Sales from the prior month plus (ii) 1% of your Special Program Sales from the prior month. Notwithstanding the foregoing, if you acquired your Center from our predecessor, Best In Class Education Center, LLC, and this Agreement represents a renewal of your franchise rights, then you may choose between: (a) transitioning to and exclusively utilizing LMS in accordance with the terms of this Agreement; or (b) continuing to purchase educational materials from our affiliate, LBIS, LLC (“LBIS”) through the BC Portal, in which case:~~

- ~~(i) you will not be granted a license to utilize LMS;~~
- ~~(ii) you will obtain all educational materials exclusively through the BC Portal (you will be responsible for printing all such educational materials at your cost);~~
- ~~(iii) if you did not execute a Remote Learning Participation Addendum, you will pay an ongoing monthly licensing fee calculated as a “base fee” (currently \$4) multiplied by the total number of subjects being taught to all students enrolled at your Center at the end of the prior month (Mathematics, English and STEM are each considered a separate “subject”) (the base fee shall increase by \$1 every January 1st until it is equal to the base fee charged for LMS); and an ongoing monthly curriculum distribution fee calculated as the sum of (i) 2% of the difference between your Gross Sales minus your Enrichment Sales from the prior month plus (ii) 1% of your Special Program Sales from the prior month;~~
- ~~(iv) if you executed a Remote Learning Participation Addendum, you will pay an ongoing monthly licensing fee based on the total number of your Center’s students, enrolled in Enrichment Programs, regardless of whether all such students actually utilize the BC Portal, which is currently \$8 per student per month per subject (Mathematics, English and STEM are each considered a separate “subject”) (the licensing fee may be increased on an annual basis by \$2 monthly per student per subject, upon 90 days’ prior notice, but will not exceed \$15 per student per subject per month during the term of the Term); and an ongoing monthly~~

~~curriculum distribution fee calculated as the sum of (i) 2% of the difference between your Gross Sales minus your Enrichment Sales from the prior month plus (ii) 1% of your Special Program Sales from the prior month.~~

~~6.2. LBIS intends to discontinue the BC Portal with such discontinuation to become effective as of the date specified by LBIS (the "Discontinuation Date"); provided, however, that in no event will the Discontinuation Date occur earlier than December 31, 2025. LBIS will provide you with at least 30 days' prior written notice of the Discontinuation Date.~~ BPC-LMS. LBIS will grant you a limited, revocable, non-transferable license to utilize our proprietary BCP-LMS business management platform during the Term solely in connection with the operation of your Center. BPC-LMS was developed specifically for the management and operation of a Center. The BCP-LMS Monthly Fees imposed pursuant to §14.3 covers the licensing fee for BCP-LMS and all associated updates, maintenance and support. At any time during the Term, LBIS reserves the right to: (a) require you to sign a software or technology license agreement governing your use of BCP-LMS; and/or (b) modify or discontinue BPC-LMS. You must utilize BPC-LMS in accordance with the Manual.

~~No later than the Discontinuation Date, you must fully migrate to LMS at your own expense, and commence payment to us of the LMS Licensing Fee imposed under this Agreement. You will no longer be able to obtain educational materials through the BC Portal following the Discontinuation Date.~~

**6.3. Opening Assistance.** Within 30 days after your Center opens, we will send a corporate trainer to your Center for approximately two (2) days to provide onsite training and operational support. We will not charge a fee for this assistance, but you must reimburse ~~us for~~ all Travel Expenses we incur. We may require you to pay us \$1,500 at least 30 days prior to onsite training as a pre-paid estimate of the Travel Expenses for the trainer. If the actual Travel Expenses incurred differ from the \$1,500 pre-paid estimate then: (a) you must pay us any Travel Expenses that exceed the \$1,500 pre-paid estimate within 10 days of invoicing; or (b) we will promptly refund to you any overpayment if the Travel Expenses are less than the \$1,500 pre-paid estimate. If you request that we send more than one (1) corporate trainer to your Center to provide onsite training and operational support, you must also pay an additional training fee of \$350 per day (including each work day and travel day, for a minimum of two (2) days) and reimburse us for the associated Travel Expenses for each additional corporate trainer you request.

**6.4. General Guidance.** Based on periodic inspections of your Center or reports you submit to us, we provide our guidance and recommendations on ways to improve the operation of your Center. We will be available to render advice, discuss problems and offer general guidance to you during normal business hours by telephone, e-mail or similar methods of communication.

**6.5. Field Visits.** We have the right, but not the obligation, to conduct periodic field visits for purposes of providing onsite consultation, assistance and guidance pertaining to the operation and management of your Center. We may prepare and provide you with a report detailing any problems or concerns observed during the field visit together with required or suggested changes or improvements to address or resolve ~~such problems or concerns.~~ them. You must implement all required corrective measures in the time and manner we specify.

**6.6. Marketing Assistance.** As further described in §10.1 and §10.2, we may, but need not, administer the brand and system development fund and provide other marketing assistance during the Term.

**6.7. Website.** We ~~will~~ currently maintain a corporate website for our brand. We will also ~~develop~~ create and host a ~~local~~ webpage for your Center that will: (a) be linked to our corporate website. ~~Your webpage will include such; and (b) list~~ information about your Center ~~that we designate or approve.~~ deem appropriate. We ~~must approve~~ control all content on your Center's webpage; but we will consider ~~information you suggest~~ your suggestions in good faith. We will own ~~the website (including your Center's webpage) and domain name at all times.~~ We may ~~modify and change~~ or discontinue the our website ~~(and/or your local Center's webpage) at any time in our sole discretion.~~

~~6.8. **Email Addresses.** At no additional charge, we will provide you with one (1) Best In Class Education Center email address for use with your Business. If you request that we provide you with additional email addresses, we may charge you our then current fee for each additional email address that you request (this fee would be added to the technology fee described in §11.8). You must exclusively use the email address or addresses we provide for all communications with us, parents, students, customers, suppliers and other Persons relating to your Business. You may not use any email address we provide for any purpose unrelated to your Business. We will own the email addresses and accounts but allow you to use them during the Term.~~

~~6.9.6.8. **Purchase Agreements.** We may, but need not, negotiate purchase agreements with suppliers to obtain discounted prices for us and our franchisees. We will arrange for you to be able to purchase the goods directly from the supplier at the discounted prices we negotiate (subject to any rebates the supplier pays to us). We or our affiliate may also purchase certain items goods from suppliers in bulk and resell them to you at our cost plus shipping fees and a reasonable markup (not to exceed 5% of our cost to purchase the items item).~~

## 7. ESTABLISHING YOUR BUSINESS

7.1. **Site Selection.** You must ~~locate~~identify and obtain our approval of the site for your Center within 120 days after the Effective Date. The ~~premises~~site must be located within the Site Selection Area and conform to our minimum site selection criteria. You must send us a complete site report that includes all ~~demographic, commercial and other~~all documents, information, ~~photographs~~photos and ~~videos~~video we require. We may accept or reject ~~each site~~sites you propose in our commercially reasonable judgment. We ~~will use best efforts~~try to ~~issue~~notify you of our ~~approval or disapproval~~decision within 15 days after we receive all ~~of the~~ requisite materials. Your site is deemed disapproved if we ~~fail to do not~~ issue our ~~written~~ approval within the 15-day period. If we approve the site for your Center ~~prior to execution of~~before signing this Agreement, ~~then we will list~~ the address of ~~the your~~ approved site ~~will be listed in~~ Part C of ATTACHMENT "A"~~ATTACHMENT "A"~~. ~~If we do not approve the site for your Center prior to execution of this Agreement, then within 15 days after~~Otherwise, we approve your site we will send you a Site Approval Notice that identifies: (a)list the address of your approved site; and (b) the geographic area that comprises your Center Territory. ~~Within five (5) business days after we send you the Site Approval Notice, you must sign and date the franchisee acknowledgment section and send us a copy for our records, in the Site Approval Notice.~~ Our approval of the site (and designation of your Center Territory) shall be deemed immediately effective and binding on you at the time we issue the Site Approval Notice, regardless of whether you send us the signed acknowledgment. Our approval of a site does not constitute a site is not a representation or warranty of any kind, express or implied, of the suitability of the site for a Center. It ~~indicates~~ only ~~that~~means we believe the site meets our minimum criteria.

7.2. **Lease.** If you lease the premises for your Center, you must use best efforts to ensure your landlord signs the prescribed form of Lease Addendum attached to this Agreement as ATTACHMENT "C". If your landlord refuses to ~~sign the Lease Addendum in substantially the form attached to this Agreement~~do so we may either: (a) waive the Lease Addendum requirement (or the provisions disapproved by the landlord); or (b) require you to find a new site for your Center. You must promptly send us a copy of your fully executed lease and Lease Addendum for our records. You must hire a real estate professional to review and negotiate your letter of intent and lease. If you choose to hire our recommended real estate professional to provide commercial lease review and negotiation services, we agree to contribute \$1,000 towards the fees charged for these services.

7.3. **Center Design.** The Manual includes our standards and specifications for the design, layout, equipping and trade dress for a Center. After ~~securing approval of~~we approve your site, you must send us complete and detailed dimensions and specifications of the leased space. After receipt of this information, we will prepare and send you two (2) alternative Site Drawings for your consideration. You select the Site Drawing you prefer. If you request additional Site Drawings (or revisions to any

Site Drawing previously submitted to you); we may charge you \$300 for each additional or revised Site Drawing we provide, ~~which will be due 10 days after invoicing~~. Our Site Drawings are not intended to be used as construction plans and have not been prepared to ensure compliance with any applicable Laws, lease restrictions or landlord requirements. You must hire a licensed and bonded architect that you propose and we approve. To ensure uniformity and consistency of design, we may require you to hire an architect we designate. Your approved architect must prepare the initial set of design plans for your Center. We must approve your initial design plans to ensure they are consistent with our system standards and the Site Drawing prepared by us and selected by you. After we approve the preliminary design plans, your architect must prepare detailed construction plans that: (a) are consistent with the approved preliminary design plans; (b) satisfy all required standards and specifications in the Manual; and (c) comply with all Laws (including, without limitation, the Americans with Disabilities Act), building codes, permits, lease restrictions and landlord requirements applicable to the premises. You must submit the final construction plans to us for approval. The limited purpose of our review is to verify the construction plans are consistent with our system standards.

7.4. **Construction.** ~~Following our approval of the~~ After we approve your construction plans ~~for your Center~~, you must, at your sole expense, construct and equip the premises according to the approved construction plans and the specifications in the Manual. You must also purchase (or lease) and install all Technology Systems, equipment, fixtures, signs and other items we require. At all times during the construction process, you must maintain the minimum general liability and property damage insurance required by the Manual. We must approve your general contractor and other suppliers you use to construct your Center.

7.5. **Opening.** You must open your Center to the public within 180 days after the Effective Date. You must send us a notice identifying your proposed opening date at least 15 days before opening. We may conduct a preopening inspection of your Center. You must make all changes and modifications we require before you open. You may not open your Center prior to receipt of our written authorization to open. We will not issue our authorization to open before:

~~(i)(a)~~ (a) the Managing Owner ~~and your Manager (or other Owner)~~ successfully ~~complete~~completes our initial training program;

~~(ii)(b)~~ (b) you purchase all required insurance policies and ~~furnish~~provide us with evidence of coverage;

~~(iii)(c)~~ (c) you ~~obtain~~secure all required licenses, permits and ~~other governmental~~ approvals; ~~and~~ from Governmental Authorities;

~~(iv)(d)~~ (d) we review and approve the construction, build-out and layout of your Center; ~~and~~

~~(e)~~ (e) ~~You must send us a written notice identifying your proposed opening date at least 15 days before opening. We may, but need not, conduct a pre-opening inspection of your Center. You must make all changes and modifications we require before you may open. you fulfill all of your other preopening obligations under this Agreement and the Manual.~~

If you are in the process of obtaining an E2 Visa and you are unable to open your Center by the required opening deadline as a result of delays in obtaining your E2 Visa for reasons other than your neglect, we will grant you a 90-day extension of your opening deadline in exchange for payment of a non-refundable \$2,500 extension fee, which is due at the time you request the extension. ~~BY VIRTUE OF OPENING YOUR CENTER, YOU ACKNOWLEDGE THAT WE HAVE FULFILLED ALL OF OUR PRE-OPENING OBLIGATIONS TO YOU.~~

7.6. **Relocation.** You may relocate your Center with our prior written approval, which we will not unreasonably withhold. If we allow you to relocate, you must: (a) locate your new Center within the Site Selection Area (but outside any territory granted to us, our affiliate or any other franchisee); (b) pay us a \$1,000 relocation fee at the time you propose the new site for your Center and reimburse us

for all Travel Expenses we incur to visit the site; (c) comply with §7.1 through §7.5 with respect to your new Center (excluding the 180-day opening period); and (d) open your new Center and resume operations within 30 days after closing your prior Center. You must pay us a separate \$1,000 relocation fee for each new site you propose. If we disapprove a site, we will refund to you 75% of the relocation fee you paid to us for the site we disapproved.

## 8. MANAGEMENT AND STAFFING.

8.1. **Owner Participation.** You must designate an Owner with primary responsibility for the management and operation of your Center (the “Managing Owner”). ~~The Managing Owner must: (a) The Managing Owner must be approved by us after attending an in-person Discovery Day at our corporate headquarters; (b) successfully complete all training programs we require; (c) dedicate best efforts to the management of the Center (we strongly recommend full-time efforts); (d) teach at least one (1) class at the Center on a regular basis during the initial 12 months after opening; and (e) at all times hold at least a 20% ownership interest in the Business or the Franchisee Entity, as applicable, unless we waive this requirement. Any new Managing Owner you appoint must successfully complete our then-current initial training program before becoming involved with the supervision, management or operation of the Center.~~

(a) be approved by us after attending an in-person Discovery Day at our corporate headquarters;

(b) have binding decision-making authority on matters involving your Center;

(c) successfully complete all training programs we require;

(d) teach at least one (1) class at the Center on a regular basis during the initial 12 months after opening;

(e) provide direct onsite management of your Center on a full-time basis until your Center has satisfied the minimum performance requirements set forth in §12 for at least one (1) year; and

(f) dedicate best efforts to the management of the Center after satisfying the criteria in §8.1(e) above (we strongly recommend the Managing Owner continue to dedicate full-time efforts); and

(g) at all times own at least 20% of the Equity Interests in the Business or Franchisee Entity, unless we waive this requirement.

8.2. **Managers.** You may hire a Person (a “Manager”) to assist the Managing Owner with ~~the~~ onsite management ~~and supervision~~ of the Center. Any Person you hire as a Manager must: (a) be approved by us; (b) successfully complete all training programs we require (we may, but need not, allow your Managing Owner to train new Managers you hire); (c) meet all of our then-current minimum criteria and qualifications for Managers (including those pertaining to background checks, education, attitude and experience); and (d) sign a Confidentiality Agreement. ~~At all times during normal business hours, either~~ Either the Managing Owner or a trained Manager must be ~~present onsite~~ present onsite at your Center ~~to provide onsite management and supervision during normal business hours.~~ The Managing Owner must ~~monitor and~~ supervise the ~~activities of the~~ Manager to ensure the Center is operated in ~~accordance~~ compliance with this Agreement and the Manual.

8.3. **Teachers.** No Person may teach classes or provide tutoring at your Center other than: (a) the Managing Owner; (b) a Manager; and (c) any other individual that you hire who satisfies any minimum competency standards we require (a “Teacher”). Your other Owners can serve as Teachers if they satisfy all minimum competency standards we require. You must conduct a reasonable background check on each Teacher. You may not hire any Person as a Teacher whose background check reveals a criminal record or otherwise raises substantial doubt about the character or qualifications of the Person. Each Teacher must sign a Confidentiality Agreement. We may impose additional qualifications for Teachers from time to time. As part of our teacher certification program, we may require that your Teachers complete periodic refresher training. We reserve the right to charge a fee of up to \$200 per Teacher for the initial certification program and up to \$100 per

Teacher for each recertification program. Any such fees would be due prior to attendance at the program. We strongly recommend that you implement our recommended teacher compensation model to improve your ability to attract and retain high quality Teachers.

**8.4. Employees.** You must determine appropriate staffing levels for the Center to ensure full compliance with this Agreement and our system standards. You ~~may~~will hire, train and supervise employees to assist you with the proper operation of the Center. You must pay all associated wages, commissions, ~~fringe~~ benefits, worker's compensation premiums and payroll taxes (and other withholdings required by Law) ~~due for your employees.~~ These employees will be employees of yours and not of ours. We do not control the day-to-day activities of your employees or the manner in which they perform their assigned tasks. You must inform your employees that you exclusively supervise their activities and dictate the manner in which they perform their assigned tasks. In this regard, you must use your legal business Entity name (not our Marks or a fictitious name) on ~~all~~ employee applications, paystubs, pay checks, employment agreements, ~~time cards,~~ and similar ~~items~~documents. We ~~also~~ do not control the hiring or firing of your employees. You have sole authority and responsibility ~~and authority~~ for all employment-related decisions, including ~~employee selection and~~hiring, promotion, hours worked, rates of pay ~~and other~~ benefits, work assignments, training and working conditions. We will do not provide ~~any advice or~~ guidance or advice on these matters. You must ~~require that your employees review and sign~~ensure each employee signs the acknowledgment form we prescribe that explains the nature of the franchise relationship and notifies the employee that you are his or her sole employer. You must also post a conspicuous notice for employees in the back-of-house area explaining your franchise relationship with us and that you (and not we) are the employee's sole employer. We may prescribe the form and content of this notice.

**8.5. Interim Manager.** We ~~have the right~~may, but need not ~~the obligation, to~~ designate ~~an individual of our choosing~~a Person (an "Interim Manager") to manage your Center if either: (a) ~~your Managing Owner ceases to perform the responsibilities of a Managing Owner (whether due to retirement, death, disability, or for any other reason)~~ and you fail to appoint an approved replacement Managing Owner, who has successfully completed ~~all training we require~~Management Training, within 30 days ~~after your Managing Owner ceases to perform the responsibilities of a Managing Owner for any reason~~; or (b) you ~~are in~~fail to cure a material breach before the expiration of the cure period. The Interim Manager will cease to manage your Center at such time that you appoint an approved replacement Managing Owner who has completed training or you cure the material breach, as applicable. If we appoint an Interim Manager, you agree to: (a) pay us a management fee equal to \$250 per day during the period of time ~~that~~ the Interim Manager manages your Center. ~~You must also; and (b)~~ reimburse ~~us for~~ all Travel Expenses ~~and other costs~~ incurred by the Interim Manager. The Interim Manager ~~will have~~has no liability to you except for gross negligence or willful misconduct. We have no liability to you for ~~the activities of~~ an Interim ManagerManager's actions unless we are grossly negligent in appointing the Interim Manager.

**9. FRANCHISEE-AS ENTITY.** You represent that Part A of ATTACHMENT "A" includes a complete and accurate list of your Owners. Upon ~~our~~ request, you must ~~provide~~send us ~~with~~ a resolution of the Franchisee Entity authorizing the execution of this Agreement, a copy of the Franchisee Entity's organizational documents and a current Certificate of Good Standing ~~(or the functional equivalent thereof).~~ All Owners. Each Owner of the Franchisee Entity ~~(whether direct or indirect),~~ and ~~their spouses~~the spouse of each Owner who is a natural Person, must sign a Franchise Owner Agreement.

## 10. ADVERTISING & MARKETING.

### ~~10.1. ADVERTISING & MARKETING.~~

**10.1. Brand and System Development Fund.** We ~~currently administer a brand and system development fund to promote public awareness of our brand and improve our System.~~ ~~We currently administer a brand and system development fund to promote public awareness of our brand and improve our System.~~ On each royalty ~~payment~~fee due date, you must ~~contribute to the~~pay us a brand fund fee in the amount we specify from time to time, ~~(not to exceed the sum of (a) 3% of Gross Sales plus (b)~~

1% of Special Program Sales.) As of the Effective Date, the required contribution is the sum of (a) 2% of Gross Sales (which may be increased to a maximum of 3% of Gross Sales upon 180 days' prior notice) plus (b) 1% of Special Program Sales. We may use the fund to pay for any of the following in our sole discretion:

- ~~(i)(a) developing, maintaining, administering, directing, preparing, or reviewing~~distributing advertising and marketing materials,~~promotions~~ and programs;
- ~~(b) conducting and administering promotions, contests or giveaways;~~
- ~~(c) public and consumer relations and publicity;~~
- ~~(d) brand development;~~
- ~~(ii)(a) conducting and administering promotions, contests or giveaways;~~
- ~~(iii) improving public awareness of the Marks;~~
- ~~(iv)(a) public and consumer relations and publicity;~~
- ~~(v)(a) brand development;~~
- ~~(e) sponsorships and charitable and non-profit donations and events;~~
- ~~(f) research and development of technology, products and services;~~
- ~~(g) website development and search engine optimization;~~
- ~~(vi) —;~~
- ~~(vii)(a) charitable and non-profit donations and events;~~
- ~~(viii)(a) research and development of technology, products and services;~~
- ~~(ix)(a) website development and search engine optimization;~~
- ~~(x)(h) development and~~ maintenance and promotion of an ecommerce platform;
- ~~(i) development and implementation of quality control programs, including the use of mystery shoppers or~~ and customer satisfaction surveys;
- ~~(j) conducting market research;~~
- ~~(k) changes and improvements to the System;~~
- ~~(xi)(a) —~~
- ~~(xii)(a) conducting market research;~~
- ~~(xiii)(a) changes and improvements to the System;~~
- ~~(xiv) the fees and expenses of any advertising agency we engage to assist in producing or conducting advertising or marketing efforts;~~
- ~~(xv) collecting and accounting for contributions to the fund;~~
- (l) reimbursing us for costs we incur to host franchisee conferences, including: (i) costs we incur to engage speakers, including reimbursement of Travel Expenses and other costs they incur to attend the conference; (ii) costs we incur to book the hotel or reserve the venue; (c) costs we incur to provide food and beverage to conference attendees; (d) any other out-of-pocket costs we incur to host the conference; and (e) the room and board costs incurred by conference attendees (we do not use the brand fund for Travel Expenses or other costs directly incurred by us or our staff to attend conferences);

(m) fees and expenses charged by advertising agencies we engage to provide marketing services;

~~(xvi)(n) collecting and accounting for brand fund fees and preparing and distributing~~ financial accountings of the fund;

~~(xvii)(o)~~ any other programs or activities we deem appropriate to promote or improve the System; and

~~(xviii)(p)~~ direct or indirect labor, administrative, overhead and other expenses incurred by us and/or our affiliates ~~in relation~~ relating to any of these activities, including salary, benefits and other compensation of any of our (and any of our affiliate's) officers, ~~directors,~~ employees or independent contractors based ~~upon~~ on time spent working on any brand fund matters described above; and

~~(xix) expenses in connection with holding national or regional conferences, including: (a) any and all costs we incur to engage speakers to speak at national or regional conferences, including reimbursement of the speaker's expenses for travel, lodging, meals and other costs directly incurred by the speaker in connection with attending national or regional conferences; (b) any and all costs we incur to book the hotel or reserve the venue; (c) any and all costs we incur to provide food and beverage to conference attendees; (d) any other out of pocket costs we would otherwise incur to host national or regional conferences; and (e) the room and board costs incurred by conference attendees (or any portion thereof).~~

We have sole discretion in determining the content, concepts, materials, media, endorsements, frequency, placement, location and all other matters pertaining to ~~any of the foregoing~~ marketing or advertising activities. Any surplus ~~of monies~~ in the fund may be invested and we may lend money to the fund if there is a deficit. The fund is not a trust and we have no fiduciary obligations to you with respect to our administration of the fund. A financial accounting We will prepare, and make available to you upon request, an annual statement of the fund operations ~~of the fund~~, including deposits ~~into~~ and disbursements ~~from the fund, will be prepared annually and made available to you upon request.~~ In terms of marketing activities paid for by the fund, we do not ensure that ~~these:~~ (a) expenditures in ~~(or affecting any) a given~~ geographic area are proportionate or equivalent to the brand fund contributions fees paid by franchisees ~~operating~~ in that geographic area, or that any franchisee benefits (b) franchisees benefit directly or in proportion to their ~~fund contributions. Once established, we reserve the right to brand fund fees. We may suspend or~~ discontinue the fund at any time in our sole discretion upon at least 30 days' prior notice.

~~We will not use monies in the brand and system development fund to cover, or reimburse us for, any travel, lodging, meals or other costs directly incurred by us or our staff in connection with attending national or regional conferences.~~

**10.2. Marketing Assistance From Us.** We will provide reasonable marketing consulting, guidance and support throughout the Term on an as-needed basis. ~~—~~ We will assist you in developing and implementing a grand opening marketing plan in accordance with §10.3(a) to promote the opening of your Center. We may create and ~~make available to provide~~ you with access to local advertising ~~and other assets such as print~~ marketing materials ~~for your purchase,~~ social media templates and stock photography. We may: (a) use the brand ~~and system development~~ fund to pay for the creation and distribution of these materials, in which case there will be no additional charge. ~~We may make;~~ (b) provide online access to these materials ~~available over the Internet,~~ in which case you must arrange for printing print the materials ~~and pay all printing costs. Alternatively, we may enter into relationships at your expense; and/or (c) contract~~ with third-party suppliers ~~who will to~~ create advertising ~~or marketing and sell these~~ materials ~~for your purchase. We will provide reasonable marketing consulting, guidance and support throughout the Term on an as-needed basis. to you.~~

### 10.3. Your Marketing Activities.

(a) Grand Opening. Upon execution of this Agreement, you must pay us a nonrefundable \$10,000 grand opening marketing fee (including if you acquire your Center franchise another franchisee via an approved Transfer). We spend these funds to implement your approved grand opening marketing plan over a six (6) month period ending no later than two (2) months after your grand opening. We may require you to spend these funds directly with third-party suppliers to implement your grand opening marketing plan, in which case you do not pay us the \$10,000 grand opening marketing fee. ~~Your Marketing Activities.~~

If you are a United States Veteran or Qualified Educator, we provide an additional \$5,000 allowance toward grand opening marketing activities to promote your Center, which will be utilized during the six (6) month period described above. A “Qualified Educator” includes a: (i) credentialed educator; (ii) state certified teacher (active or retired); (iii) licensed childcare professional; (iv) college educator; or (v) educator employed through an accredited Kindergarten through 12<sup>th</sup> grade institution. If you are both a United States Veteran and Qualified Educator, you only receive a \$5,000 allowance (not \$10,000).

(b) Ongoing Advertising. You must participate at your own expense in all advertising, promotional and marketing programs we require. You must also develop a strong network of relationships within your community and with your local school districts. ~~Generally. Commencing 30 days after the opening of your Center~~ Commencing 30 days after your Center’s opening date, you must spend, on a monthly basis, the minimum amount of money we designate (your “Local Marketing Commitment”) on local advertising to promote your Center. The Local Marketing Commitment is: (i) \$1,500 per month for the second (2<sup>nd</sup>) through the 12<sup>th</sup> month after opening; and (ii) the greater of \$1,000 per month or 4% of monthly Gross Sales for the remainder of the Term. ~~You must participate at your own expense in all advertising, promotional and marketing programs we require. You must also develop a strong network of relationships within your community and with your local school districts.~~

~~(b) Grand Opening. Upon execution of this Agreement, you must pay us a nonrefundable \$10,000 grand opening marketing fee. We spend these funds to implement your approved grand opening marketing plan over a 6 month period, completing no later than 2 months after your grand opening. We may require you to spend these funds directly with third party suppliers to implement your grand opening marketing plan, in which case you do not pay us the \$10,000 grand opening marketing fee. For United States Veterans and “Qualified Educators,” we will provide an additional \$5,000 allowance toward grand opening marketing activities to promote your Center, which will be utilized during the 6 month period described above. A “Qualified Educator” is any person who is: (i) a credentialed educator; (ii) a state certified teacher (active or retired); (iii) a licensed childcare professional; (iv) a college educator; or (v) an educator employed through an accredited Kindergarten through 12th grade institution. If you are both a United States Veteran and Qualified Educator, you will only receive the \$5,000 allowance (not \$10,000).~~

(c) ~~Standards for Advertising Standards. All~~ ~~use your advertising~~ ~~All advertisements and promotions you create or use your advertising~~ must be completely factual, conform to the highest standards of ethical advertising and comply with all Laws. You must ensure your advertisements and promotional materials do not infringe upon the intellectual property rights of others. You must comply with any minimum advertised pricing policy we establish ~~from time to time.~~

(d) Extraterritorial Advertising. You may not engage in targeted marketing directed outside your Center Territory. Marketing that is distributed, circulated or received both within ~~your Center Territory~~ and outside your Center Territory is not deemed to be “targeted marketing” if: (i) you use reasonable efforts to limit the circulation or distribution of the advertising to areas ~~within~~ within in your Center Territory; and (ii) ~~the majority of the most~~ recipients of the advertising are located ~~within~~ within in your Center Territory and there is only incidental circulation or distribution outside your Center Territory. The meaning of “targeted marketing” that is “directed outside your Center Territory” may be further defined in the Manual, but examples include direct mail sent to

addresses outside your Center Territory, digital advertising sent to devices with IP addresses registered outside your Center Territory and setting up promotional events that take place outside your Center Territory.

- (e) Approval of Advertising Approval. Prior to use, we must approve all advertising and marketing programs and materials ~~and programs~~ you intend to use, including all materials we did not prepare or previously approve ~~(and including materials, or that~~ we prepare or approve and you modify~~);~~. We must also approve the media you intend to use. You may not use any advertising materials, programs or media that we have not approved ~~(including materials, programs or media~~ or that we ~~previously approved~~ approve and later disapprove~~);~~. We have 10 business days to review and approve or disapprove advertising and marketing materials and programs you submit ~~for approval~~. Our failure to ~~issue our approval~~ approve them within the 10-business-day period constitutes our disapproval. Any advertising you propose and we approve is an "Improvement" for purposes of §18.5.
- (f) Social Media. You may ~~advertise and market~~ promote your Center using social media; provided that:
- ~~(i)~~ (i) you only utilize social media platforms we approve;
  - ~~(ii)~~ (ii) you strictly comply with our social media policy (as revised from time to time) and, upon our request, sign an agreement acknowledging your acceptance of the terms of our social media policy; (iii) you immediately remove any post we disapprove; (iv) you contract with any social media company we designate upon request; and (v) we own all social media accounts relating to your Center and retain full administrator rights.
  - ~~(iii)~~ you immediately remove any post we disapprove (even if it complies with our social media policy);
  - ~~(iv)~~ you contract with and exclusively utilize any supplier we designate for social media marketing;
  - ~~(v)~~ you provide us with full administrative rights to your social media accounts; and
  - ~~(vi)~~ we own all social media accounts relating to your Center.
- (g) Internet and Websites. Without our prior approval, ~~which we may withhold in our sole discretion,~~ you may not: (i) develop, host, ~~create~~ or otherwise maintain a website (or other online or digital presence in connection with your Center, including any website bearing) that references our Marks; (ii) conduct digital or online advertising or marketing, unless we authorize you to do so; or (iii) engage in ecommerce.

## 11. OPERATING STANDARDS.

11.1. **Generally.** You agree to operate your Center: (a) in a manner that will promote the goodwill of the Marks; and (b) in full compliance with our standards, this Agreement and the Manual.

11.2. **Brand Standards Manual.** You agree to establish and operate your Center in accordance with the Manual. The Manual may contain, among other things:

- ~~(i)~~ (a) architectural plans and specifications for the design, dimensions, layout, equipping and trade dress for a prototype Center;
- ~~(b)~~ (b) a list of (i) goods and services (or specifications for goods and services) you must purchase to develop and operate your Center and (ii) designated and approved suppliers;
- ~~(ii)~~ (c) a description of the ~~authorized~~ goods and services ~~you may sell~~ that we authorize for sale from your Center, including class offerings and special programs;
- ~~(iii)~~ (d) specifications, techniques, methods, operating procedures and quality standards; and

- ~~(iv)~~(e) minimum qualifications and criteria for Teachers and Managers;
- ~~(v)~~ reporting and insurance requirements;
- ~~(vi)~~ policies and procedures pertaining to ~~any gift card program we establish;~~
- ~~(vii)~~ policies and procedures pertaining to: (i) reporting and data entry; (ii) accounting and bookkeeping; (iii) insurance; (iv) marketing and advertising;
- ~~(viii)~~(f) policies and procedures pertaining to (v) gift card programs; (vi) use of BCP-LMS or other Technology Systems; (vii) data ownership, use, transfer and protection, ~~sharing and use; and;~~ and (viii) any other matters we deem appropriate.
- ~~(ix)~~ a list of (a) goods and services (or specifications for goods and services) you must purchase to develop and operate your Center and (b) any designated or approved suppliers for these goods or services.

The Manual is designed to establish and protect our brand standards and the uniformity and quality of the goods and services offered by ~~our franchisees.~~Centers. We can modify the Manual at any time. ~~The modifications will become~~ Modifications are binding at the time we notify you of the ~~modification (change,~~ subject to any “grace period” we provide to implement the change). All mandatory provisions ~~contained~~ in the Manual (whether ~~they are~~ included now or in the future) are binding on you. The Manual may consist of written text as well as videos, tutorials, training modules, recordings and/or other means of communication.

- 11.3. Authorized Goods and Services.** You must offer all goods and services we require, including the specific classes, programs and curriculum we specify. Centers are currently required to offer Math and English classes, SAT and ACT preparation courses, and small group or “private” tutoring for these subjects and a variety of other high school subjects. You have the option, but not the obligation, to offer Special Programs, which must be administered in accordance with our policies, procedures and other requirements. You may only offer Affiliate Programs we approve. We may condition our approval on any requirements we deem appropriate. You may not offer, sell or provide: (a) goods or services to anyone other than children between pre-school and 12<sup>th</sup> grade; (b) educational classes or tutoring in any subject we have not approved; or (c) any other goods or services (including any classes or programs) we have not approved. Further, you may not: (a) conduct off-site classes or tutoring; (b) sell any goods or services at wholesale; (c) market or sell through Alternative Channels of Distribution; or (d) use your Center, or permit your Center to be used, for any purpose other than offering the goods and services we authorize. We may add, modify or delete authorized goods and services, and you must do the same upon notice from us. Our addition, modification or deletion of authorized goods or services shall not constitute a termination of this Agreement.
- 11.4. Pricing.** We will provide you with our suggested retail pricing. You may deviate from our suggested retail pricing in your discretion; *provided, however*, that: (a) we reserve the right to set maximum or minimum prices on the goods and services you sell (to the extent permitted by applicable Law); and (b) you must comply with any promotional pricing we require from time to time.
- 11.5. Customer Payments.** You must, at your expense, lease or purchase the necessary equipment and/or software and have arrangements in place with Visa, MasterCard, American Express and all other credit card issuers we designate, in order for you to be able to accept such methods of payment from customers. You must accept debit cards, credit cards, stored value cards, and other non-cash systems (including, for example, ~~APPLE PAY~~Apple Pay and/or ~~GOOGLE WALLET~~Google Wallet) that we specify. You must acquire and install all necessary hardware and/or software used in connection with these non-cash systems.

## 11.6. Suppliers and Purchasing.

- (a) Generally, You must purchase ~~or~~, lease or license, as applicable, all ~~products, supplies, equipment~~ goods, services and other items ~~specified in the Manual from time to time. If~~ required by the Manual. You must only purchase goods and services that satisfy all standards and specifications we designate. You must comply with all sourcing and supplier restrictions we impose from time to time.
- (b) System Suppliers. In accordance with the Manual, you must purchase certain goods and services ~~only~~ exclusively from suppliers we designate or approve ~~(which~~. The Manual may ~~include, or be limited exclusively to,~~ designate us or our affiliate~~).~~ as a designated or approved supplier. We and our affiliates may generate a profit from these purchases. We are currently an approved supplier for marketing materials and the exclusive supplier for your email accounts. Our affiliate is currently the exclusive supplier for BCP-LMS and the educational materials you acquire and obtain through BCP-LMS. Our right to specify the suppliers you ~~may~~ use is necessary so we can control the uniformity and quality of goods and services used, sold or distributed in connection with the development and ~~ongoing~~ operation of Centers, protect our trade secrets, negotiate bulk purchase discounts~~,~~ and protect the reputation and goodwill associated with ~~the~~our System and ~~the~~ Marks. You must immediately discontinue purchasing from any supplier we disapprove.
- (c) Approval Process. If you wish to purchase alternative goods or services or you wish to purchase from an alternative supplier, you must send us a request for approval that: (i) identifies the proposed supplier and the goods/services to be purchased; (ii) includes all information we require about the goods/services and the supplier (including the supplier's qualifications, reputation, financial strength and production capabilities); and (iii) includes product samples for examination and testing purposes. We may condition our approval on the supplier's agreement to comply with our minimum insurance, indemnification and confidentiality requirements for system suppliers. We will approve or disapprove your request within 30 days after we receive all required information and samples. Your request is deemed disapproved if we fail to issue our approval within the 30-day period. You must reimburse all costs we incur to review suppliers or goods/services you propose. We need not consider substitute goods or alternative suppliers for goods that are proprietary or branded with our Marks.
- (d) Payment Disputes. You understand that: (i) your failure to timely pay a system supplier may jeopardize the supplier's relationship with us and other franchisees; and (ii) a supplier's termination of its relationship with us or refusal to supply goods or services to our franchisees may cause significant harm to us and our franchisees. Accordingly, you agree to promptly pay all amounts owed to system suppliers except as otherwise permitted by this Section. If ~~we~~you have a bona-fide dispute with a supplier that you believe justifies non-payment or partial payment, you must promptly notify the supplier of the particulars of your Claim and diligently pursue resolution of the Claim or prosecution of appropriate legal action. Any trade debt that remains unpaid more than 30 days after its due date constitutes a material breach of this Agreement unless, before the end of the 30-day period: (i) you and the supplier agree to alternative payment terms; or (ii) you initiate appropriate legal action to contest the trade debt.
- (e) Supplier Payments. We may receive rebates~~or~~, benefits and other ~~financial~~ consideration from ~~these~~ suppliers based on your purchases, ~~we~~ leases or licenses. We may retain these payments as compensation and reimbursement for time and expenses we incur to negotiate and manage supplier relationships. We have no obligation to pass them through to you or use them for any particular purpose~~,~~ (except as otherwise agreed to by us and a supplier).
- (f) Disclaimer of Liability. Provided that we designate or approve system suppliers in good faith, we have no liability to you for their acts, errors or omissions including, without limitation, defective or tainted goods, delayed delivery or inability to meet demand. With respect to goods purchased from us or our affiliate, you acknowledge that we or our affiliate purchase the goods

~~from third-party manufacturers or suppliers and resell them to you as a convenience. If you want us to approve a supplier you propose, you must send us a written notice specifying the supplier's name and qualifications and provide any additional information we request. We will approve or reject your request within 30 days after we receive your notice and all additional information (and samples) we require. We have any type of Claim relating to the purchase of goods or services from a system supplier, your sole recourse shall be against the supplier. If we or our affiliate are the supplier, your sole recourse shall be against the manufacturer or supplier from whom we or our affiliate acquired the goods unless both: (i) the Claim arises from our (or our affiliate's) failure to supply the goods in breach of our obligations under this Agreement; and (ii) our (or our affiliate's) failure to supply the goods is not caused by a Force Majeure event. We and our affiliates make no warranties or representations and expressly disclaim all warranties and representations, including the implied warranties of merchantability and fitness for a particular purpose, with respect to goods or services you purchase from system suppliers.~~

**11.7. Equipment Maintenance and Changes. You must maintain your equipment in good condition and promptly replace or repair** ~~deemed to have rejected your request if we fail to issue our approval within the 30-day period.~~

~~11.7.1.1. **Equipment Maintenance and Changes. You must maintain your equipment in good condition and promptly replace or repair** any equipment that is damaged, worn-out or obsolete. We may require that you change your equipment, ~~which may require you to make additional investments.~~ Our right to require ~~significant equipment~~ these changes is critical to our ability to administer and change the System and you ~~agree to must~~ comply with any such required change ~~these changes~~ within the time period we reasonably specify.~~

**11.8. Technology Systems.**

(a) ~~Generally.~~ **Technology Systems.**

~~(a) **Generally.** You must acquire and utilize all Technology Systems we require from time to time, including BCP-LMS. Technology Systems may relate to matters such as purchasing; distribution of educational materials; remote learning; student enrollment, tracking and management; purchasing; pricing; accounting; order entry; inventory control; security; information; data storage, retrieval and transmission; customer; client information; customer; client loyalty; marketing; communications; copying, printing and scanning; or any other business purpose we deem appropriate. We may require that you, at your expense, acquire new or substitute Technology Systems and/or replace, upgrade or update existing Technology Systems, at your expense upon reasonable prior notice. You are solely responsible for: (i) the acquisition, operation, maintenance, updating and upgrading of~~

~~(b)(a) **Use and Access.** You must utilize your Technology Systems in accordance with the Manual. You may not load or permit any unauthorized programs or games on your Technology Systems. You must ensure your employees are adequately trained in the use of the Technology Systems. You agree to take all steps necessary to provide us with independent and unlimited access to data collected; (ii) the manner in which your Technology Systems integrate and interface with our computer system and those of third parties; and (iii) any consequences resulting from improper use or operation, or failure to properly maintain, update or upgrade, Technology Systems.~~

~~(b) **Use and Access.** through your You must use Technology Systems in accordance with the Manual and comply with all associated data entry policies. You may not load or permit any unauthorized programs or games on your Technology Systems. You must ensure your employees are adequately trained in the use of the Technology Systems. You agree to take all steps necessary to provide us with independent and unlimited access to data collected by or through your Technology Systems, including your sales data for purposes of calculating fees~~

owed. Upon request, including upon termination or expiration of this Agreement, you must provide us with ~~the~~ user IDs and passwords for your Technology Systems.

(c) Disruptions. You are solely responsible for protecting against computer viruses, bugs, power disruptions, communication line disruptions, internet access failures, internet content failures, date-related problems.~~Disruptions. You are solely responsible for protecting against computer viruses, bugs, power disruptions, communication line disruptions, internet access failures, internet content failures, date-related problems,~~ and attacks by ~~hackers and other~~ unauthorized intruders Persons. Upon ~~our~~ request, you must obtain and maintain cyber insurance and business interruption insurance for technology disruptions.

(d) Third-Party Technology. You understand and agree that we and our affiliates: (i) do not own certain Technology Systems (or components thereof) you must use to operate your Center (i.e., Third-Party Technology); and (ii) have no liability to you for any losses, damages or expenses you incur as result of Third-Party Technology not functioning properly. Accordingly, you hereby: (i) waive any and all Claims against us or our affiliates relating to Third-Party Technology; and (ii) acknowledge your sole recourse for any liabilities, losses, damages or expenses you incur due to improperly functioning Third-Party Technology shall be against the owner or licensor of such Third-Party Technology.

(e) Email Accounts. At no additional charge, we will provide you with one (1) BEST IN CLASS EDUCATION CENTER® email address for use with your Business. If you request additional email addresses, we may charge you our then-current fee for each additional email address that you request (this fee would be added to the technology fee described in §11.8(f)). You must exclusively use the email address or addresses we provide for all communications with us, parents, students, customers, suppliers and other Persons relating to your Business. You may not use any email address we provide for any purpose unrelated to your Business. We will own the email addresses and accounts but allow you to use them during the Term.

(d)(f) Fees and Costs. You are responsible for all fees, costs and expenses associated with acquiring, licensing, utilizing, updating and upgrading ~~the~~ Technology Systems. Certain ~~components of the~~ Technology Systems must be purchased or licensed from third-party suppliers. We and/or our affiliate may develop proprietary ~~software, technology or other components of the~~ Technology Systems (or components thereof) that ~~will~~ become part of our System. If this occurs, you agree to: (i) pay us (or our affiliate) commercially reasonable licensing, support and maintenance fees; and (ii) upon request, ~~enter into a sign our prescribed form of~~ license agreement ~~with us (or our affiliate) in a form we prescribe~~ governing your use of ~~the proprietary software, technology or other component of the~~ Technology Systems. (or components thereof). We may ~~also~~ enter into master agreements with ~~third-party suppliers relating to any components~~ licensors of the Third-Party Technology Systems and charge you for all amounts we pay ~~to these suppliers~~ them based on your use of their ~~software, technology, equipment, or services. The~~ “Third-Party Technology. We may charge you a technology fee”, which includes all amounts you pay us and/or our affiliates relating to ~~the~~ Technology Systems, including amounts paid for proprietary items and amounts we collect from you and remit to ~~third-party suppliers based on your use of their systems, software,~~ Third-Party Technology. The technology or services. The amount of the technology fee may change based on changes to ~~the~~ Technology Systems or prices charged by third-party ~~suppliers~~ parties with whom we enter into master agreements. The technology fee may include a reasonable administrative fee for the time, money and resources we invest to administer the technology platform and associated components, negotiate and manage contracts with third-party licensors, and collect and remit technology fees owed to third-party licensors on behalf of franchisees under master license arrangements. The technology fee does not include ~~any~~ amounts you pay directly to third-party suppliers ~~for any components of the Technology Systems.~~ The technology fee is due 10 days after invoicing or as we otherwise specify. We ~~will~~ list the current technology fee in the Manual.

- 11.9. Remodeling and Maintenance.** ~~You must~~ We may periodically require you to remodel, and renovate ~~and make all improvements to~~ your Center ~~that we reasonably require from time to time~~ conform to ~~reflect~~ our then-current standards and specifications. There is no limitation on the cost of these ~~remodeling~~ obligations, but we will not require you to significantly remodel or renovate your Center more than once during any five (5) year period. You may not remodel or ~~significantly alter~~ renovate your ~~premises~~ Center without our prior ~~written~~ approval. We ~~need~~ will not approve any ~~proposed~~ remodeling or ~~alteration~~ renovations that ~~does not conform to~~ conflict with our then-current standards and specifications. You must maintain your Center in good order and condition, reasonable wear and tear excepted, and make all necessary repairs, including replacements, renewals and alterations, at your sole expense, to comply with our standards and specifications. Without limiting the generality of the foregoing, you agree to take the following actions at your sole expense: (a) thorough cleaning, repainting, redecorating of the interior and exterior of the Center's premises at the intervals we prescribe (or at such earlier times that such actions are required or advisable); and (b) interior and exterior repair of the Center's premises as needed. You must comply with any maintenance, cleaning or facility upkeep schedule we prescribe.
- 11.10. Gift Card Program.** You must fully participate in any gift card program we establish. In order to participate, you must: (a) comply with all policies and procedures we establish for participation in the program; (b) purchase (or license) and utilize all equipment, software, mobile applications (Apps), technology and others items we designate as being necessary for participation in the program, and pay all associated fees and costs; and (c) pay us, our affiliate, or a third party designated by us, all program fees and other amounts we designate as being necessary for participation in the program (collectively, "Gift Card Program Participation Rules"). The Gift Card Program Participation Rules may be set forth in the Manual. We may amend the Gift Card Program Participation Rules at any time and you must immediately comply with all such amendments. We may determine how gift card proceeds are divided or otherwise accounted for and we may retain proceeds from unredeemed gift cards. We may also terminate a gift card program and/or require you to participate in a new, additional or successor gift card program.
- 11.11. Hours of Operation.** Your Center must be open for business after school hours and on Saturdays or Sundays. Currently, we require ~~that~~ all Centers be open for business at least two (2) days per week (we highly recommend one weekday ~~(~~ late afternoon through evening) ~~)~~ and either Saturday or Sunday). You must comply with these requirements once your Center has been open for at least six (6) months. You must establish specific days and hours of operation and submit them to us for approval.
- 11.12. Customer Satisfaction and Complaints.** We may require you to participate in a customer satisfaction program, in which case we may require that you pay us a program fee (not to exceed \$500 per year) to cover our costs in implementing and administering the program. The program would involve collecting and evaluating customer data and feedback to determine satisfaction with your Center and identify potential System modifications to improve customer satisfaction. If you receive a complaint from a student or parent, you must follow the complaint resolution process that we specify to protect the goodwill associated with the Marks.
- 11.13. Quality Assurance Programs.** For quality control purposes, we may: ~~(a)~~ periodically: (a) inspect your Center in accordance with ~~§6.56.5~~ and §17.1; and/or (b) ~~engage the services of a~~ "hire mystery ~~shopper"~~ shoppers or quality assurance ~~firm~~ firms to inspect your Center. Inspections may address a variety of issues, including customer service, sanitation, Teacher/student interaction, etc. You must fully cooperate with all inspections. ~~If we engage a mystery shopper or quality assurance firm, we~~ We may require that you directly pay ~~the~~ any mystery shopper or firm we hire for the cost of the inspection. Alternatively, we may pay for the cost of the inspection ~~costs~~ and require you to reimburse us ~~within 10 days after invoicing.~~ We may implement a scoring system pursuant to which each Center receives a "grade" or "score" based on the results of the inspection. Your failure to achieve a passing grade or score constitutes a default under this Agreement. You must take all actions we specify within the period of time we prescribe in order to rectify any non-compliance issues revealed during an inspection.

**11.14. Failure to Comply with Standards.** You acknowledge the importance of every one of our standards and operating procedures to the reputation and integrity of the System and ~~the~~ goodwill associated with the Marks. If we notify you of a ~~failure to comply with~~breach of our standards or operating procedures (including, ~~without limitation,~~ failure to ~~provide~~submit required reports in a timely manner) and you fail to ~~correct the non-compliance~~cure within the ~~time~~ period ~~of time~~ we prescribe, ~~then, we may~~ (in addition to ~~any~~our other remedies ~~available to us~~ under this Agreement, ~~we may~~) impose a ~~fine~~noncompliance fee of ~~up to~~ \$500 per occurrence. We may impose ~~an additional~~a separate \$100 ~~fine for fee~~ every 48 hours the same ~~non-compliance~~noncompliance issue remains uncured ~~following our imposition of~~after we impose the initial ~~fine~~fee. Any ~~fin~~es ~~noncompliance fees~~ we collect ~~will be deposited into the brand fund~~are paid in consideration of us refraining from exercising our contractual right to terminate this Agreement. If you fail to cure a breach before the expiration of the cure period (if the brand fund is administered at the time we impose the fine). If any) and we ~~take~~take steps to cure ~~any default committed by you (after the expiration of any applicable cure period), including, without limitation~~the breach (for example, obtaining required insurance coverage on your behalf or paying amounts you owe to ~~approved or designated~~system suppliers,); ~~then within 10 days of invoicing you must reimburse us for all direct and indirect costs and expenses we directly or indirectly incur (including Travel Expenses, if applicable) in in connection with our efforts to cure your the default. Your payment of noncompliance fees and default. Our acceptance of these amounts shall expense reimbursements does not be construed as a waiver of any of our rights or remedies under this Agreement, including, without limitation, our right to terminate this Agreement~~preclude us from terminating this Agreement in accordance with ~~§21.21.2~~if the default continues after we collect these amounts.

**12. MINIMUM PERFORMANCE REQUIREMENTS.** You must use best efforts to achieve the following minimum average monthly Total Sales:

Measuring Period (commencing with opening date)	Minimum Average Monthly Total Sales*
Months 1 through 12	\$6,000 per month
Months 13 through 24	\$9,000 per month
Months 25 through 36	\$12,000 per month
Months 37 through 48	\$13,500 per month
Months 49 through end of initial term	\$15,000 per month

We review your compliance with the monthly minimum performance requirements on a quarterly basis, meaning your failure to achieve the minimum monthly Total Sales for a given month will not be a default as long as your average monthly Total Sales over the three (3) month review period equals or exceeds the minimum required average monthly Total Sales amount. We may change our review period at any time. If you fail to achieve the minimum performance requirement and you are not dedicating full-time efforts to your Center (i.e., you are not physically present at your Center during substantially all hours of operation), then we may, but need not: (a) terminate this Agreement; or (b) modify or eliminate your territorial protections. We will not terminate this Agreement solely on the basis of your failure to achieve the minimum performance requirement if you are dedicating full-time efforts to your Center (i.e., you are physically present at your Center during substantially all hours of operation). When you renew, you will be subject to any minimum performance requirement in effect at the time of renewal.

**13. FRANCHISE ADVISORY COUNCIL.** We may, but need not, create a franchise advisory council (FAC) to provide us with suggestions to improve the System, including matters such as marketing, operations and new product or service suggestions. We consider all suggestions in good faith but are not bound by them. The ~~council~~FAC would be established and operated according to rules and regulations we periodically prescribe or approve, including procedures governing the selection of ~~council~~FAC representatives to communicate with us on matters raised by the ~~council~~FAC. You ~~would have the right~~are eligible to be ~~appointed as an FAC member of the council~~ as long as you ~~are not in default under~~comply with this Agreement and ~~you~~ do not act in a disruptive, or abusive ~~or counter-productive~~ manner, ~~as determined by~~

~~us in our discretion.~~ As a member, you would be entitled to all voting rights and privileges granted to other ~~FAC~~ members ~~of the council~~. Each member would ~~be granted~~have one vote on all matters on which members are authorized to vote.

## 14. FEES

**14.1. Initial Franchise Fee.** You agree to pay us the initial franchise fee set forth in Part F of ATTACHMENT "A" in one lump sum at the time you sign this Agreement. The initial franchise fee is fully earned by us and nonrefundable upon execution of this Agreement.

**14.2. Royalty Fee.** On the seventh (7<sup>th</sup>) day of each month, ~~(the “royalty fee due date”)~~, you agree to pay us a monthly royalty fee equal to the greater of (a) \$250 or (b) the sum of (a) 12% of Gross Sales generated during the prior month plus (b) 12% of Affiliate Program Sales generated during the prior month plus (c) plus 6% of Special Program Sales generated during the prior month.

### 14.3. BCP-LMS Fees.

(a) Systems Implementation Fee. Upon execution of this Agreement, you must pay LBIS a \$2,000 fee for the initial setup and configuration of BCP-LMS at your Center.

(b) BCP-LMS Monthly Fee. On each royalty fee due date, you agree to pay LBIS (or us, if we so instruct) a BCP-LMS Monthly Fee, which is calculated as the sum of: (i) 2% of the Gross Sales minus Enrichment Sales; (ii) 1% of Special Program Sales; and (iii) Monthly Student User Fees (calculated in accordance with §14.3(c) below).

(c) Monthly Student User Fees. “Monthly Student User Fees” are calculated by multiplying a “base fee” (as set forth in the Manual) by the total number of subjects taken by students enrolled at your Center as of the last day of the immediately preceding month. The base fee is currently \$8 per student per subject per month (Mathematics, English and STEM are each considered a separate “subject”); provided, however, that: (i) we may increase the base fee, not more than once per calendar year, upon at least 90 days’ prior notice; (ii) the maximum annual increase to the base fee is \$2 per student per subject per month; (iii) the maximum base fee that we may charge at any point during the Term is \$15 per student per subject per month; and (iv) if you are a renewing franchisee who operates a Legacy Center (as defined below), your initial base fee will be \$4 per student per subject per month but will increase by \$1 each January 31<sup>st</sup> until it equals the standard base fee charged to new franchisees. Monthly Student User Fees applicable during the first and/or last month of the Term may be prorated if the first and/or last month of the Term are less than a full calendar month. If the number of subjects taken by a student changes during the course of a month, then you must pay the Monthly Student User Fee based on the total number of subjects taken by the student during the month, regardless of how many subjects are taken by the student at any given point in time during the month. For purposes of this section, a “Legacy Center” refers to a Center owned by a renewing franchisee who: (i) purchased the Center from our predecessor, Best In Class Education Center, LLC; (ii) did not sign a Remote Learning Participation Addendum with Best In Class E-Academy, LLC; and (c) elects to continue to acquire and obtain educational materials from LBIS through the BC Portal without utilization of LMS.

**14.3.14.4. Other Fees and Payments.** You agree to pay all other fees, expense reimbursements and other amounts specified in this Agreement in a timely manner as if fully set forth in this §14. You also agree to promptly pay us an amount equal to all taxes levied or assessed against us based on goods or services you sell or goods or services we furnish to you (other than income taxes we pay based on amounts you pay us under this Agreement).

**14.4.14.5. Due Date & Late Fee.** Payments are due 10 days after invoicing unless otherwise specified. If any sum due under this Agreement ~~has~~is not ~~been~~ received by us when due (or there are insufficient funds in your Account to cover the sum when due)~~;~~; then in addition to this sum you must pay us ~~a~~ \$100 ~~late fee~~ plus default interest on the amount past due at a rate equal to the lesser of

15% per annum (pro-rated on a daily basis) or the highest rate permitted by applicable Law. ~~If no due date is specified, interest begins to run 10 days after we bill you.~~ We will not impose a late fee for any amount paid pursuant to §14.514.6 if, but only to the extent that, sufficient funds were available in your Account to be applied towards the payment when due. ~~However, we may impose a late fee for any amount; provided, however, that if~~ we are unable to ~~reasonably determine due to your failure to furnish us with a report required by §16.3 within the required period of time or amount due because you fail to~~ record sales or submit Gross Sales reports in a timely manner, ~~in which case~~ we may assess a late fee on the entire amount that was due. This §14.414.5 shall not constitute our agreement to accept late payments or extend credit to you. All fees and payments are nonrefundable unless otherwise noted.

**14.5.14.6. Method of Payment.** No later than 15 days after the Effective Date, you must send us a completed and fully executed ACH Agreement authorizing us to electronically debit your designated Account for all amounts owed to us and our affiliates on the applicable due date (other than fees due within 15 days after the Effective Date). You must sign all other documents required by us or your bank to enable us to debit your Account for amounts owed. You must deposit all revenues you generate into the Account and ensure sufficient funds are available for withdrawal before each payment due date. If there are insufficient funds in your Account, any excess amounts you owe will be payable upon demand, together with any late charge imposed pursuant to §14.5. We may also impose a \$50 NSF fee for each instance where either: (a) there are insufficient funds in your Account to cover amounts owed when due; or (b) a check you issue to us is returned due to insufficient funds.

## 15. BRAND PROTECTION COVENANTS.

**15.1. Reason for Covenants.** The Intellectual Property, training and assistance we provide would not be acquired except through implementation of this Agreement. You agree that competition by you, the Owners or Persons associated with you or the Owners (including family members) could seriously jeopardize the entire our franchise system because you and the Owners ~~received~~receive an advantage through knowledge of our day-to-day operations and Know-how ~~related to the System. Accordingly, you.~~ You and the Owners agree to comply with the covenants ~~described in this Section in §15~~ to protect the Intellectual Property and our franchise system.

**15.2. ~~Know-how and~~Intellectual Property & Confidential Information.** You and the Owners agree to:

(i) ~~(a)~~ (a) refrain from using ~~the Know-how any Intellectual Property or Confidential Information~~ in any business or capacity for any purpose other than the operation of your Center pursuant to this Agreement;

(ii) ~~(b)~~ (b) maintain the confidentiality of ~~Know-how and other~~our Confidential Information at all times;

(iii) ~~take all reasonable steps we require to prevent unauthorized use or disclosure of Know-how or other Confidential Information;~~

(iv) ~~(c)~~ (c) refrain from making unauthorized copies of documents containing ~~any Know-how or other~~ Confidential Information; ~~and~~

~~(v)~~ (d) take all steps we reasonably require to prevent unauthorized use or disclosure of Confidential Information; and (e) stop using the ~~Know-how~~Intellectual Property and Confidential Information immediately upon the expiration, termination or Transfer of this Agreement (~~and any Owner who ceases to be an Owner before the expiration, termination or Transfer of this Agreement must stop using the Know-how~~Intellectual Property and Confidential Information immediately at the time he or she ceases to be an Owner).

**15.3. Unfair Competition.** You and the Owners may not engage in any Prohibited Activities during the Term or Post-Term Restricted Period. Notwithstanding the foregoing, you and the Owners may have an interest in a CompetitiveCompeting Business during the Post-Term Restricted Period as long as the CompetitiveCompeting Business is not located ~~within,~~ (and does not provide competitive

~~educational services to students who reside within,~~ operate) within the Restricted Territory. If you or an Owner ~~engages~~ engage in a Prohibited Activity during the Post-Term Restricted Period (other than having an interest in a ~~Competitive~~ Competing Business permitted by this Section), then the Post-Term Restricted Period applicable to you or the non-compliant Owner, as applicable, shall be extended by the period of time during which you or the non-compliant Owner, as applicable, engaged in the Prohibited Activity. For purposes of clarity, you and the Owners remain bound by any non-competition covenants in other Definitive Agreements that remain in effect for a period of time that extends beyond the expiration of the Post-Term Restricted Period under this Agreement, and the expiration of the Post-Term Restricted Period under this Agreement does not in any way diminish your or the Owners' obligation to comply with such covenants.

- 15.4. **Family Members.** Because (a) an Owner could circumvent the intent of §~~15~~15 by disclosing ~~Know-how~~ Confidential Information to an immediate family member (i.e., spouse, parent, sibling, child, or grandchild) and (b) it would be difficult for us to prove ~~any such breach~~ whether the Owner disclosed Confidential Information to the family member, each Owner agrees that he/ or she will be presumed to have violated the terms of §~~15~~15 if a ~~any~~ member of his/ or her immediate family engages in any Prohibited ~~Activities~~ Activity during the Term or Post-Term Restricted Period or uses or discloses ~~Know-how~~ Confidential Information. However, the Owner may rebut this presumption with evidence conclusively showing he or she did not disclose ~~Know-how~~ Confidential Information to the family member.
- 15.5. **Employees.** ~~You must ensure all of your~~ All employees, officers, directors, ~~partners, members,~~ independent contractors and other Persons associated with you or your Center ~~who may have access to our Know how~~ must sign and send us a Confidentiality Agreement before ~~having access to~~ accessing our ~~Know-how~~ Confidential Information. You must: (a) use best efforts to ensure these individuals comply with the Confidentiality Agreements, ~~as applicable~~; (b) immediately notify us of any breach that comes to your attention; and (c) reimburse ~~us for~~ all expenses we incur to enforce a Confidentiality Agreement, including attorneys' fees and court costs.
- 15.6. **Covenants Reasonable.** You and the Owners agree that: (a) the ~~terms of this covenants in~~ §~~15~~15 are reasonable both in ~~time~~ duration and ~~in scope of~~ geographic ~~areas~~ scope; (b) our use and enforcement of ~~covenants similar to those described above~~ covenants with ~~respect to~~ other franchisees benefits you and the Owners ~~in that it prevents others~~ by preventing them from unfairly competing with your Center; and (c) you and the Owners have sufficient resources, business experience and opportunities to earn an adequate living while complying with the ~~terms of this §15. YOU AND THE OWNERS HEREBY WAIVE ANY RIGHT TO CHALLENGE §15 AS BEING OVERLY BROAD, UNREASONABLE OR OTHERWISE UNENFORCEABLE.~~ covenants in §15.
- 15.7. **Breach of Covenants.** You and the Owners agree that: (a) any ~~failure to comply with~~ breach of §~~15~~15 is likely to cause substantial and irreparable damage to us and/or other franchisees for which there is no adequate remedy at Law; and (b) we are entitled to injunctive relief if you or an Owner ~~breaches §15~~ breach §15, together with any other relief available at equity or Law. We will notify you if we intend to seek injunctive relief; but we need not post a bond. If a court requires ~~that we~~ us to post a bond despite our ~~mutual~~ agreement to the contrary, the ~~required~~ bond amount ~~of the bond~~ may not exceed \$1,000. ~~If an injunction is wrongfully issued, you may seek dissolution of the injunction as your sole~~ No remedy. ~~You hereby waive all Claims for damages resulting from a wrongfully issued injunction. None of the remedies~~ available to us under this Agreement ~~are~~ is exclusive of any other, but may be combined with others under this Agreement, or at Law or in equity, including injunctive relief, specific performance and recovery of monetary damages. ~~No Claim held by you or an Owner against us or our affiliate may be used as a defense against our enforcement of this §15.~~

## 16. YOUR OTHER RESPONSIBILITIES

16.1. **Insurance.** For your protection and ours, you agree to maintain the following insurance policies:

(i)(a) “all risk” property insurance—coverage on, including coverage for fire, vandalism and

malicious mischief, with minimum coverage for full replacement cost, covering all assets ~~used in the operation of your Center (including inventory, furniture, fixtures, equipment and supplies), which must include coverage for fire, vandalism and malicious mischief and have coverage limits of at least full replacement cost~~other property used to operate the Center;

~~(ii)~~(b) comprehensive general liability insurance against claims for bodily and personal injury, death and property damage caused by or occurring in conjunction with the operation of your Center, containing minimum liability protection of \$1,000,000 combined single limit per occurrence and \$2,000,000 in the aggregate;

~~(iii)~~(c) business interruption insurance providing coverage for 100% of all financial obligations for a minimum period of six (6) months (including fees owed to us, which are deemed to include average monthly royalty fees and brand fund contributions imposed during the 12-month period preceding the event triggering coverage under the insurance policy);

~~(iv)~~(d) sexual assault and molestation of minors insurance with minimum liability protection of ~~(ai)~~ \$100,000 combined single limit per occurrence and \$300,000 in the aggregate (for the initial three (3) years of operation) and ~~(bii)~~ \$500,000 combined single limit per occurrence and \$500,000 in the aggregate (for remainder of Term);

~~(v)~~(e) worker's compensation and employer's liability insurance as required by Law;

~~(vi)~~(f) any insurance required under your lease or by Law; and

~~(vii)~~(g) any other insurance we specify in the Manual from time to time.

These policies reflect our minimum requirements and may not be adequate to fully protect your interests. You may wish to procure additional coverage. You must provide us with proof of coverage: (a) prior to opening; (b) within 10 days after ~~any~~ a policy renewal; and ~~at~~ (c) any other time on demand. You ~~agree to~~ must obtain these policies from licensed insurance carriers ~~with an~~ rated ~~A.M. Best rating of "A" or better~~ by AM Best. Each policy must satisfy all requirements in the Manual and be endorsed to: (a) name us ~~(and our members, owners, officers, and directors, and employees)~~ as additional insureds; (b) ~~contain a waiver by the insurance carrier of~~ waive all subrogation rights against us; and (c) provide ~~that we receive~~ with at least 10 days' prior written notice of the termination, expiration, cancellation or modification of the policy. ~~If We may disapprove~~ any policy that fails to meet these criteria, ~~we may disapprove the policy~~ and you must immediately secure a new policy meeting our criteria. Upon 10 days' notice, we may increase the minimum liability coverage amount of any policy and/or require different or additional types of insurance, including excess liability (umbrella) insurance, due to inflation, ~~identification of~~ special risks, changes in Law or standards of liability, higher damage awards or other relevant changes in circumstances. If you fail to maintain a required policy, we may, at our option, obtain the policy on your behalf. If we do so, you must promptly sign any application or other form required to obtain the policy and reimburse ~~us for~~ all premiums and other costs we incur.

**16.2. Books and Records.** You must prepare complete and accurate books, records, accounts and tax returns pertaining to your Business and keep copies for at least five (5) years after their preparation. We may require you to prepare your books and records in compliance with our bookkeeping and accounting standards and policies in the Manual. You must maintain, and upon our request furnish to us by email or mail a written list of all of your students together with the names and contact information of the students' parents. You must send us copies of your books and records within seven (7) days of our request. You must provide us with independent access to your QuickBooks Online account (or any other online accounting program you use) with permission to read all reports.

### **16.3. Reports.**

(a) Generally. You must prepare all reports reports we require including, without limitation, the reports described below. Reports must be prepared in the form and manner we specify. You must send us a copy of any required report upon request. We may independently access your

Technology Systems to retrieve and compile Business Data and generate any reports we deem appropriate, including sales reports. You must provide copies of monthly bank statements.

(b) Report of Initial Investment Costs. To assist us in updating our Franchise Disclosure Document, you must complete and send us a report, in the form we designate, listing all expenses you incur in connection with the development and opening of your Center. You must send us the completed report within 60 days after the opening date of your Center.

(c) Sales Reports. No later than ~~the seventh (7<sup>th</sup>) day of each month~~ royalty fee due date, you must prepare and send us a monthly statement of your: ~~(a) Total Sales for the prior month (broken down between Gross Sales, Special Program Sales and Affiliate Program Sales); and (b) expenditures on local advertising required by §10.3 incurred during the prior month (which shall be accompanied by copies of receipts for such expenditures).~~ You also agree to prepare all other reports (including monthly bank statements) we require in the form and manner we specify and send us a copy of any report required by this Section upon request. If you miscalculate Total Sales (or any component thereof), you must notify us of the error no later than the end of the next ~~monthly~~ reporting period. Otherwise, you will not be entitled to ~~any~~ refund or credit of ~~any~~ fees paid to us based on previously reported Total Sales (or any component thereof). ~~We may independently access your Technology Systems to retrieve and compile any Business Data we deem appropriate, including to generate sales reports.~~

(d) Advertising Expenditure Reports. No later than the 10<sup>th</sup> day of each month, you must prepare and send us a monthly report detailing your expenditures incurred during the prior month on local advertising required by §10.3(b). All advertising expenditure reports must include copies of receipts for the reported expenditures.

**16.4. Financial Statements.** No later than the 15<sup>th</sup> day of each month, you must prepare and send us a monthly balance sheet and profit and loss statement for your Business in the format we prescribe. Within 90 days after the end of each calendar year, you must prepare and send us a balance sheet (as of the end of the calendar year) and profit and loss statement for the prior calendar year. Financial statements must be: (a) verified and signed by you certifying to us that the information is true, complete, and accurate; (b) prepared on an accrual basis in compliance with Generally Accepted Accounting Principles; and (c) submitted in any format we reasonably require. We may require that your financial statements be reviewed or audited by a certified public accountant if you submit materially inaccurate financial statements on a prior occasion. You must send us a copy of any financial statement required by this Section upon request. You hereby authorize us to disclose Operational Data to prospective franchisees, Governmental Authorities and ~~others~~ other Persons for any reasonable business purpose, provided the disclosure is not prohibited by applicable Law.

**16.5. Legal Compliance.** You must secure and maintain in force all required licenses, permits and regulatory approvals and operate your Center in compliance with all applicable Laws. ~~You must notify us in writing within two (2) business days of the beginning of any action, suit, investigation or proceeding, or of the issuance of any order, injunction, disciplinary action or decree by a Governmental Authority that may adversely affect the operation of your Center or your financial condition. You must immediately send us a copy of any inspection report, warning, certificate or rating from a Governmental Authority alleging a violation of any health or safety Law.~~

**16.6. Reportable Events.** You must notify us within two (2) business days after you become aware of any of the following (each, a “Reportable Event”):

- (a) the occurrence of an incident at your Center involving significant personal injury;
- (b) the issuance of a citation or notice of violation by a Governmental Authority (or the commencement of an inquiry you believe is reasonably likely to lead to a citation or notice of violation) relating to a health or safety matter involving your Center;
- (c) the commencement (or written threat) of an action, suit or proceeding against you, your Owners

and/or your Center that is reasonably likely to materially and adversely affect you, your Center or the goodwill associated with the Marks; or

(d) the conviction or indictment of any Owner, Manager or Teacher for a felony or other crime reasonably likely to materially and adversely affect you, your Center or the goodwill associated with the Marks.

**16.6.16.7. Data Ownership and Protection of Data.** We are the exclusive owner of all Business Data, ~~regardless of whether such Business Data is~~ collected by you, us or ~~another~~any other Person. We hereby grant you a license to ~~utilize~~use the Business Data solely for purposes of operating your Center in compliance with this Agreement. You must protect all Customer Data ~~and other personal data~~ with a level of control proportionate to the sensitivity of data. You must adhere to applicable privacy Laws with respect to data which, if compromised, could have a negative impact on our image or consumer confidence. You ~~agree to: (a) must~~ comply with all applicable data protection Laws and ~~any our~~ data processing ~~or and data~~ privacy policies in the Manual; ~~and (b) (if any). Upon request, you must~~ sign any data processing ~~and/or~~ data privacy agreement required by us or by Law. You further agree to:

~~(i)~~ (a) obtain, maintain and adhere to all applicable compliance standards established by PCI-DSS;

~~(ii)~~ (b) establish appropriate administrative, technical and physical controls consistent with Law and PCI-DSS to preserve the security and confidentiality of ~~any~~ credit card information; ~~(in any form whatsoever,)~~ that you store, process, transmit or come in contact with;

~~(iii)~~ (c) promptly notify us if you suspect, or there ~~is, or~~ has been, a security breach or potential compromise of ~~any such~~ credit card information;

~~(iv)~~ (d) provide us with updates regarding the status of PCI-DSS; ~~which update may be through a~~ via completed PCI AOC (Attestation of Compliance), PCI-DSS SAQ (Self-Assessment Questionnaire) or other ~~method~~ mutually ~~agreed~~ method; and

~~(v)~~ (e) promptly notify us of any PCI-DSS noncompliance ~~PCI-DSS requirements~~ to discuss your remediation efforts and timeline.

## 17. INSPECTION AND AUDIT

**17.1. Inspections.** For quality control purposes and to ensure compliance with this Agreement, we (or our representative) may enter your Center, evaluate your operations and inspect your books, records, accounts and tax returns. We will determine the scope of the inspection, which may include, among other things:

~~(i)~~ (a) examining and copying your books, records, accounts and tax returns;

~~(ii)~~ (b) inspecting and testing your equipment;

~~(iii)~~ (c) monitoring classes and Teacher/student interactions at your Center;

~~(iv)~~ (d) evaluating the condition of your Center for cleanliness, sanitation and state of repair;

~~(v)~~ (e) monitoring and speaking with your staff; and

~~(vi)~~ (f) contacting and speaking with your landlord, students and parents of students.

We may conduct ~~the inspection~~ inspections at any time ~~and~~ without prior notice. ~~During the inspection, we~~ We (or our representative) will use reasonable efforts to minimize any interference with the operation of your Center. You and your employees must cooperate and not interfere with the inspection. You consent to us accessing your Technology Systems ~~and retrieving any~~ to retrieve Business Data ~~we deem appropriate in connection with the inspection.~~ You must install security cameras in your classrooms to enable us to monitor your classes remotely and provide feedback.

17.2. **Audit.** We may audit your books and records at any time. You must fully cooperate with us and any ~~third party~~ Person we hire to conduct the audit. If an audit reveals an understatement of Gross Sales, Special Program Sales or Affiliate Program Sales, you must immediately pay us all additional fees you owe together with any late fee imposed pursuant to §14.4. ~~Each audit will be performed at our cost unless the audit~~ 14.5. You must reimburse us for the cost of any audit (including reasonable accounting and attorneys' fees and Travel Expenses incurred by us or the auditor) that: (a) is required due to your failure to provide information we request, preserve records or file reports as required by this Agreement, or (b) reveals an understatement of Gross Sales, Special Program Sales or Affiliate Program Sales by at least 3%, ~~in which case you must reimburse us for the cost of the audit, including all reasonable accounting and attorneys' fees and Travel Expenses that we or our representatives incur. Audit cost reimbursements are due 10 days after invoicing. We shall not be deemed to have waived our right to terminate this Agreement by accepting reimbursements of our audit costs.~~ %. We bear the cost of all other audits. Your reimbursement of our audit costs does not preclude us from terminating this Agreement

## 18. INTELLECTUAL PROPERTY

18.1. **Ownership and Use.** You acknowledge that: (a) we are (or our affiliate is) the exclusive owner of the Intellectual Property and the associated goodwill; and (b) your right to use the Intellectual Property is derived solely from this Agreement; ~~and (c) your right to use the Intellectual Property~~ and is limited to a license to operate your Center during the Term pursuant to, and only in compliance with, this Agreement and the Manual. You may not use the Intellectual Property in connection with the sale of any unauthorized product or service or in any other manner not expressly authorized by us. Any unauthorized use of the Intellectual Property constitutes an infringement of our rights. You must comply with all provisions in the Manual governing use of the Intellectual Property. You will not acquire any goodwill, title or interest in or to the Intellectual Property.

18.2. **~~Changes to Intellectual Property~~ Changes.** We may change the Intellectual Property at any time in our sole discretion, including ~~by changing~~ the Copyrighted Materials, Know-how, Marks and/or System or discontinuing the licensing of LMS and/or the BC Portal to Centers. You must implement all Intellectual Property changes we require in accordance with our instructions. If we require you to discontinue use of ~~any of our primary~~ Marks, Mark, BEST IN CLASS EDUCATION CENTER®, we will reimburse you for your reasonable documented expenses of compliance, ~~including~~ (changing signage, brochures, stationary, etc. Except for.). ~~Other than the foregoing reimbursement obligation set forth in the preceding sentence,~~ we have no liability to you for any expenses, losses or damages you incur (including loss of goodwill associated with a Mark) ~~resulting from any~~ due to a change to the Intellectual Property.

18.3. **Use of Marks.** You agree to: (a) use the Marks as the sole identification of your Center; *provided, however,* that you must identify yourself as the independent owner of your Center in the manner we prescribe. ~~You agree to:~~ (a); (b) prominently display the Marks in the manner we prescribe on or in connection with any advertising, promotional materials, displays, receipts, stationery and forms we designate to give notice of ~~trade~~ trademark and service mark registrations and copyrights; and ~~(b)~~ obtain any fictitious or assumed name registrations required by applicable Law. You may not: (a) use the Marks in any modified form or as part of a corporate or trade name or with any prefix, suffix, or other modifying words, designs or symbols (other than logos ~~licensed~~ we license to you ~~by this Agreement~~); (b) use the Marks when signing a contract, lease, check or other agreement or in any other manner that may cause confusion or imply we are liable for your obligations; (c) register, or attempt to register, ~~any Marks ( a Mark, or other trademarks~~ a trademark confusingly similar to ~~the Marks)~~ a Mark, with ~~any~~ any Governmental Authority; or (d) challenge or contest the validity or ownership of our Marks.

18.4. **Use of Know-how.** We disclose our proprietary Know-how to you during training programs, in the Manual and through other guidance furnished during the Term. You will do not acquire any interest in the Know-how other than the right to utilize it, during the Term, solely for purposes of developing and operating your Center in ~~strict accordance~~ compliance with ~~the terms of~~ this

Agreement. ~~The Know-how is proprietary and disclosed to you solely for use in the development and operation of your Center during the Term~~the Manual.

**18.5. Improvements.** If you ~~(or any of your Owners~~Owner or ~~employees conceives~~employee) ~~conceive~~ of or ~~develops~~develop an Improvement, you must send us a ~~written~~ notice describing the Improvement. You must obtain our approval prior to using ~~any such~~the Improvement. Any Improvement we approve may be used by us and any ~~third parties~~Person we authorize to operate a Center, without any obligation to pay royalties or other fees to you or any other Person. You or your Owner or employee, as applicable, must assign ownership of the Improvement to us or our designee, without charge, together with all associated intellectual property rights to the Improvement, including the right to grant sublicenses. ~~In return, we will authorize~~If applicable Law precludes you from assigning ownership to us, then you must grant us a perpetual royalty-free license to use ~~Improvements developed by other Persons that we approve for use in connection with the operation of a Center.~~

**18.6. Infringements, commercialize and Claims**sublicense the Improvement in any manner we deem appropriate.

**18.6. IP Disputes.** You must immediately notify us of any: ~~(a) apparent infringement of the Intellectual Property; (b) challenge to your use of the Intellectual Property; or (c) claim by any Person of any rights in the Intellectual Property.~~ IP Dispute. You may not communicate with any Person other than us and our counsel in connection with ~~any such infringement, challenge or claim.~~the IP Dispute. We have sole discretion in deciding what action, if any, to take in response to ~~the infringement, challenge or claim.~~an IP Dispute. We ~~may~~ exclusively control ~~any~~all litigation ~~or~~and other ~~proceeding~~proceedings relating to ~~the infringement, challenge or claim.~~IP Disputes. You must execute all documents, render all assistance, and perform all acts that ~~are, in our counsel's opinion, counsel deems~~ necessary or advisable to protect or maintain our interest in the ~~litigation or~~ proceeding and/or protect the Intellectual Property.

**19. INDEMNITY.** You agree to indemnify the Indemnified Parties and hold them harmless for, from and against any and all Losses and Expenses ~~incurred by any of them~~they incur as a result of or in connection with:

~~(i)~~(a) the marketing, use or operation of your Center;

~~(ii)~~(b) the breach of ~~any~~a Definitive Agreement committed by you or your ~~Owners~~Owner or ~~affiliates~~affiliate;

~~(iii)~~(c) the breach of ~~any~~an agreement with a third party committed by you or your ~~Owners~~Owner or ~~affiliates~~affiliate;

(d) any representations made by you or your Owner to a transferee in connection with a Transfer;

~~(iv)~~(e) any Claim relating to taxes or penalties ~~assessed by any~~a Governmental Authority assesses against us ~~that are directly related to~~as a direct result of your failure to pay or perform functions required of you under this Agreement;

~~(v)~~(f) libel, slander or disparaging comments made by you or any of your Owners, officers, employees or independent contractors regarding the System, a Center or an Indemnified Party; (this provision does not apply to disclosure of truthful information to Governmental Authorities);

~~(vi)~~(g) any labor, employment or similar type of Claim pertaining to your employees (including Claims alleging we are a joint employer of your employees) or our relationship with you or your Owners (including Claims alleging we are an employer of you and/or any of your Owners); or

~~(vii)~~(h) any actions, investigations, rulings or proceedings conducted by any Governmental Authority (including the United States Department of Labor, Equal Employment Opportunity Commission or National Labor Relations Board) relating to your employees.

You and your Owners must immediately notify us of any Claim or proceeding described above. The Indemnified Parties ~~shall~~ have the right, in their sole discretion, to: (a) retain counsel of their choosing to represent them with respect to ~~any~~the Claim; and (b) control the response thereto and the defense thereof, including the right to ~~enter into an agreement to~~ settle the Claim. You may participate in ~~such~~the defense at your expense. You must fully cooperate and assist the Indemnified Parties with ~~the~~ defense of the Claim. ~~You must and~~ reimburse ~~the Indemnified Parties for~~ all of their costs and expenses ~~they incur~~ in defending ~~such~~the Claim, including, without limitation, mediation, arbitration or court ~~costs and reasonable attorneys' fees, within 10 days of receipt of an invoice itemizing such costs and~~ expenses, expert fees and Travel Expenses incurred by attorneys or expert witnesses to attend proceedings or hearings relating to the matter. Your indemnification obligations survive, and continue in full force and effect after, the Transfer, termination or expiration of this Agreement.

## 20. TRANSFERS

**20.1. By Us.** This Agreement is fully assignable by us (without prior notice to you) and shall inure to the benefit of any assignee(s) or other legal successor(s) to our interest in this Agreement, provided that we shall, subsequent to any such assignment, remain liable for any obligations incurred by us prior to the effective date of the assignment. We may also delegate our obligations under this Agreement to one or more Persons without assigning the Agreement.

**20.2. By You.** The rights and duties created by this Agreement are personal to you and the Owners. We are granting you franchise rights in reliance upon the character, skill, attitude, business ability and financial resources of you and your Owners. Because this Agreement is a personal services contract, neither you nor any Owner may engage in a Transfer (other than a Permitted Transfer) without our prior ~~written~~ approval. Any Transfer (other than a Permitted Transfer) without our approval ~~shall be~~ void and ~~constitute~~constitutes a breach of this Agreement. We will not unreasonably withhold our approval of a proposed Transfer if all of the following conditions are satisfied:

- ~~(i)~~(a) we believe the proposed transferee has sufficient business experience, aptitude and financial resources to own and operate a Center and meets our minimum criteria for franchisees;
- ~~(ii)~~(b) you and your affiliates and Owners are in full compliance with all Definitive Agreements;
- ~~(iii)~~(c) the transferee's owners successfully complete, or make arrangements to attend, the initial training program (and the transferee pays us any applicable training fee);
- ~~(iv)~~(d) your landlord consents to the assignment of your lease to the transferee, or the transferee is diligently pursuing an approved substitute location within the Site Selection Area;
- ~~(v)~~(e) the transferee and its owners obtain all licenses and permits required by applicable Law to own and operate the Center;
- ~~(vi)~~(f) the transferee (i) agrees to discharge and guarantee ~~all of~~ your obligations under this Agreement and any other ~~agreement relating to the~~ Business, including, ~~without limitation~~ contracts (including, customer contracts and supplier contracts,) and (ii) signs any agreement we require to confirm the foregoing;
- ~~(vii)~~(g) the transferee and its owners sign our then-current form of franchise agreement (unless we, ~~in our sole discretion,~~ instruct you to assign this Agreement to the transferee), except that: (a) the Term and renewal term(s) shall be the Term and renewal term(s) remaining under this Agreement unless we specify otherwise; and (b) the transferee need not pay a separate initial franchise fee;
- ~~(viii)~~(h) you ~~the transferee agrees to~~ remodel ~~your~~the Center and upgrade all furniture, fixtures and equipment to ~~comply with~~conform to our then-current standards and specifications (~~or you obtain a commitment from the transferee to do so~~these changes must be completed within 12 months after the Transfer or such shorter period of time ~~that we approve~~specify);
- ~~(ix)~~(i) you or the transferee pay us a transfer fee equal to 60% (or 40% if the buyer is an existing

franchisee of ours) of our then-current initial franchise, without taking into account any potential discounts on the then-current initial franchise fee, to defray expenses we incur in connection with the Transfer (~~if the transferee is found by a broker we engage, you must also reimburse us for all commissions we pay the broker, which amount shall be~~ in addition to the transfer fee, you must reimburse us for any commission we pay our broker if our broker finds the transferee);

~~(x)(j)~~ you and your Owners sign a General Release ~~of all claims arising before or contemporaneously with the Transfer;~~

~~(xi)(k)~~ you agree to subordinate the transferee's financial obligations to you to the transferee's financial obligations owed to us pursuant to the franchise agreement (we may require you to enter into a written subordination agreement);

~~(xii)(l)~~ we choose not to exercise our right of first refusal described in §20.5; and

~~(xiii)(m)~~ you or the transferring Owner, as applicable, and the transferee satisfy any other conditions we reasonably require as a condition to approval of the Transfer.

Our consent to a Transfer shall not constitute a waiver of any ~~claims~~ Claims we ~~may~~ have against the transferor, ~~nor shall it be deemed a waiver of or~~ our right to demand the transferee ~~fully~~ comply with all terms of the franchise agreement.

**20.3. Permitted Transfers.** You may engage in a Permitted Transfer without our prior approval, but you must: (a) give us at least 10 days' prior ~~written~~ notice; and (b) upon our request, cause ~~any Entity that was the former~~ Franchisee Entity ~~immediately prior to the Permitted Transfer~~ to sign a corporate guarantee in the format we require to secure performance of the new Franchisee Entity's financial obligations under all Definitive Agreements. ~~(if the Permitted Transfer results in a new Franchisee Entity).~~ You and the Owners (and ~~the~~ transferee) must sign all documents we reasonably request to effectuate and document the Permitted Transfer.

**20.4. Owner Death or Disability of an Owner.** Within 180 days after ~~the an Owner's~~ death or permanent disability ~~of an Owner,~~ the Owner's Equity Interest in the Owner's ownership interest Business or Franchisee Entity must be ~~assigned~~ Transferred to another ~~Owner or to a third party we approve. Any assignment to a third party will be subject to all terms and conditions of Person in compliance with §20.2 unless the assignment qualifies as a Permitted Transfer. For purposes of this Section, an~~ 20.2 or §20.3. An Owner is deemed to have a "permanent disability" only if ~~the Person he/she~~ has a medical or mental problem preventing ~~the Person him/her~~ from substantially complying with his ~~or~~ /her obligations under this Agreement or ~~otherwise~~ operating the Center Business in the manner required by this Agreement and the Manual for a continuous period of at least three (3) months.

**20.5. Our Right of First Refusal.** If you or an Owner ~~desires~~ wish to engage in a Transfer, you or the Owner, as applicable, must obtain ~~(and send us)~~ a bona-fide offer executed by the purchaser after completion of due diligence. We have 30 days after ~~receipt of~~ receiving the offer to decide whether to purchase the interest for the same price and upon the same terms contained in the offer, except we may substitute cash for any non-cash form of payment proposed in the offer. If we notify you within the 30-day period that we intend to purchase the interest, you or the Owner, as applicable, must sell the interest to us. We will have an additional ~~30~~ 60 days to prepare for closing. ~~We will be entitled to receive from you~~ You or the Owner, as applicable, must provide us with all customary representations and warranties ~~given by you (as regarding the seller title to and condition of the assets) or the Owner (as the seller of the ownership interest) Equity Interest that we purchase,~~ or, at our ~~election~~ option, the representations and warranties contained in the offer. If we do not exercise our right of first refusal, you or the Owner, as applicable, may complete the Transfer to the purchaser pursuant to the terms of the offer, subject to the requirements of ~~§20.2~~ (20.2, including our approval of the transferee). ~~However, if~~ If the sale is not completed within 120 days after ~~delivery of~~ we receive the offer ~~to us,~~ or there is a material change to the terms of sale, we will again have the right

of first refusal specified in this Section. Our right of first refusal shall not apply to a Permitted Transfer.

## 21. TERMINATION

**21.1. By You.** You may terminate this Agreement if we commit a material breach and fail to cure within 90 days after receipt of a default notice specifying the nature of the breach. You also may terminate this Agreement without cause if: (a) you provide us with at least 180 days' ~~written~~ notice of your intent to terminate; (b) you allow us to market and resell your Center during the 180-day notice period and you sell to any buyer we propose immediately following the introduction (i.e., you may not delay consummation of the sale until the end of the 180-day notice period); (c) you have paid all amounts owing to us; and (d) you and your Owners sign a General Release. If, prior to the expiration of the Term, you either terminate this Agreement without cause or cease operating your Center, but fail to provide us with at least 180 days' prior written notice and comply with the procedures above, we may charge you liquidated damages in the amount of \$5,000 (the "Early Termination Fee"). ~~The Early Termination Fee~~, which is paid for ~~the~~ lost profits we incur ~~based on~~ due to your premature termination or closure without complying with the notice and other procedural requirements set forth above. The Early Termination Fee is in addition to any other remedies (including damages) to which we are entitled based on your breach of the Franchise Agreement (other than claims for lost profits). If you terminate in accordance with §21.1, you must still comply with your post-termination obligations described in §22 and all other obligations that survive the expiration or termination of this Agreement.

**21.2. ~~Termination By Us Without Cure Period.~~** We may, ~~in our sole discretion,~~ terminate this Agreement, effective upon ~~five (5) days' written~~ delivery of a notice, ~~without opportunity to cure of termination,~~ for any of the following reasons, all of which constitute material events of default and "good cause" for termination, and without opportunity to cure except for any cure period expressly set forth below:

- ~~(i)(a)~~ (i)(a) if you ~~become~~ are insolvent ~~by reason of~~ due to your inability to pay your debts as they become due;
- ~~(ii)(b)~~ (ii)(b) if you file a voluntary petition in bankruptcy or any pleading seeking any reorganization, liquidation, dissolution or composition or other settlement with creditors under any Law, or you are the subject of an involuntary bankruptcy (which may or may not be enforceable under the Bankruptcy Act of 1978);
- ~~(iii)(c)~~ (iii)(c) if your Center, or ~~a substantial portions~~ substantially all of ~~the~~ its assets ~~associated with your Center,~~ are seized, by a Government Official or taken over or foreclosed ~~by a Government Official in the exercise of his or her duties, or seized, taken over or foreclosed upon~~ by a creditor, lienholder or lessor;
- ~~(iv)(d)~~ (iv)(d) if a final judgment against you remains unsatisfied for 30 days ~~(unless a supersedes or other appeal bond has been filed);~~ ;
- ~~(v)(e)~~ (v)(e) if a levy of execution has been made upon the license granted by this Agreement or any property used in your Business and is not discharged within five (5) days of the levy;
- ~~(vi)(f)~~ (vi)(f) if the Managing Owner fails to satisfactorily complete initial training as required by §5.1;
- ~~(vii)~~ if you fail to ~~obtain our approval of your~~ identify an approved site ~~within the time period required by §7.1;~~
- ~~(viii)~~ if you fail to secure a fully executed lease and Lease Addendum ~~within the time period required by §7.2;~~
- ~~(ix)(g)~~ (ix)(g) if you fail to or open your Center ~~within the time period required by~~ before the associated deadlines set forth in §7.1, §7.2 or §7.5;7.5, respectively;

- ~~(x)(h)~~ if you abandon or fail to operate your Center for three (3) consecutive business days, unless ~~the failure is~~ due to Force Majeure (in which case §25.6 governs) or another reason we approve;
- ~~(xi)(i)~~ if a Governmental Authority suspends or revokes a license or permit ~~held by you or an Owner that is~~ required to lawfully operate the Center, ~~even if you or the Owner still maintain appeal rights~~ unless the suspension/revocation is overturned within 20 days thereafter;
- ~~(xii)~~ if you or an Owner (a) ~~is convicted of or pleads no contest to a felony, a crime involving moral turpitude or any other material crime or (b) is subject to any material administrative disciplinary action or (c) fails to comply with any material Law applicable to your Center;~~
- ~~(xiii)~~ if you or an Owner commits an act that can reasonably be expected to materially and adversely affect the reputation of the System or the goodwill associated with the Marks;
- ~~(xiv)(j)~~ if you ~~manage or~~ if you operate ~~your~~the Center in a manner that presents a health or safety hazard to your students, employees or the public and fail to cure within 24 hours after notice from us;
- ~~(xv)~~ if you or an Owner makes any material misrepresentation to us, whether occurring before or after being granted the franchise;
- (k) if you underreport Gross Sales, Special Program Sales and/or Affiliate Program Sales by at least 3% on two (2) or more occasions;
- ~~(xvi)(l)~~ if you fail to pay any amount owed to us, our affiliate or an approved or designated supplier within 10 days after demand for payment; (subject to your right to dispute, in good faith, amounts owed to third-party suppliers in accordance with §11.6(d));
- ~~(xvii)(m)~~ if you ~~underreport Gross Sales, Special Program Sales and/or Affiliate Program Sales by at least 3% after having committing~~fail to timely notify us of a ~~similar breach that was cured~~Reportable Event in accordance with ~~§21.3~~16.6;
- (n) if you if you (or an Owner) (i) are subject to a material administrative disciplinary action or (ii) plead no contest to, or are convicted of, a felony or other material crime;
- (o) if you (or an Owner) fail to comply with a material Law applicable to your Center;
- (p) if you (or an Owner) commit an act that can reasonably be expected to materially and adversely affect the reputation of the System or goodwill associated with the Marks;
- (q) if you (or an Owner) make a material misrepresentation to us at any time;
- ~~(xviii)(r)~~ if you (or an Owner) make an unauthorized Transfer;
- ~~(xix)(s)~~ if you ~~make~~(or an ~~unauthorized~~Owner) use ~~of~~ the Intellectual Property in an unauthorized manner;
- ~~(xx)~~ if you (or an Owner) breach ~~any of the~~ brand protection ~~covenants described~~covenant in §15;
- ~~(xxi)(t)~~ if you or an Owner ~~breaches any of the representations set forth~~15 or representation in §24.424.3;
- ~~(xxii)(u)~~ if ~~any~~an Owner, ~~or the~~their spouse ~~of any Owner,~~ breaches a Franchise Owner Agreement;
- ~~(xxiii)(v)~~ if you fail to meet the minimum performance requirements described in §12 and the Managing Owner has not dedicated full-time efforts to the Center;
- ~~(xxiv)(w)~~ if the lease for your premises is terminated due to your default;

~~(x) if we send you receive~~ three (3) or more ~~valid~~ default notices ~~from us~~ within ~~any~~ a 12-month period (even if ~~the defaults were~~ cured);

~~(xxv) if we~~ (or

~~(xxvi) if we or any our~~ affiliate ~~of ours terminates~~) terminate any Definitive Agreement ~~(, other than an area development agreement)~~, due to a default committed by you (or your affiliate-

~~21.3.1. ADDITIONAL CONDITIONS OF TERMINATION. In addition to our termination rights in §21.2, we may, in our sole discretion, terminate this Agreement upon 30 days' written notice if you or an Owner fail to comply with); or~~

~~(z) if you (or an Owner) breach any other provision of this Agreement (, including any mandatory provision in the Manual) or any other Definitive Agreement, which shall constitute "good cause" for termination, unless such, and fail to cure within 30 days after receipt of a default is cured, as determined by us in our sole discretion, within such 30-day notice period.~~ notice.

If we send you a default notice pursuant to ~~§21.3~~, we may cease to perform our obligations under this Agreement until you cure the breach, unless our failure to perform would materially impair your ability to cure.

~~21.4.21.3. By Mutual Agreement to Terminate.~~ If you and we mutually agree in writing to terminate this Agreement, ~~you and we will~~ any notice or cure period that might otherwise apply shall be deemed ~~to have~~ waived ~~any required notice period.~~

## 22. POST-TERM OBLIGATIONS.

**22.1. Obligations of You and the Owners.** After the termination, expiration or Transfer of this Agreement, you and the Owners agree to:

~~(i)(a)~~ immediately cease use of the Intellectual Property;

~~(b)~~ comply with all post-term covenants described in §15 or a Franchise Owner Agreement;

~~(c)~~ cancel all fictitious or assumed name registrations relating to your use of the Marks;

~~(d)~~ return all copies of any proprietary software we provided to you and delete all such software from your computer memory and storage;

~~(ii)(e)~~ pay us all amounts you owe ~~(including, if applicable, the Early Termination Fee, if applicable);~~

~~(iii)~~ comply with all covenants described in §15 that apply after the expiration, termination or Transfer of this Agreement or the disposal of an ownership interest by an Owner;

~~(f)~~ provide us with a list of current, former and prospective students and parents;

~~(g)~~ comply with our data retention policies relating to Business Data;

~~(h)~~ transfer Customer Data (and, if we so request, assign all customer contracts) to us or our designee;

~~(iv)(i)~~ comply with our instructions to return or, destroy or transfer all copies of the Manual, all and Copyrighted Materials and all signs, brochures, advertising and promotional materials, forms and other materials bearing the Marks or containing Confidential Information;

~~(v)~~ return all copies of any proprietary software we provided to you and delete all such software from your computer memory and storage;

~~(vi)~~ comply with our data retention policies pertaining to the Business Data;

~~(vii)(a)~~ cancel all fictitious or assumed name registrations relating to your use of the Marks;



by the parties will jointly appoint a third (3<sup>rd</sup>) appraiser. If either party fails to appoint an appraiser within the 30-day period, the appraisal shall be made by the sole appraiser appointed within that period. If each party appoints an appraiser within the 30-day period, then within 30 days after that, the two (2) appraisers shall appoint a third (3<sup>rd</sup>) appraiser. If the two (2) appraisers appointed by the other party shall be deemed the single appraiser approved by the parties. You must promptly provide any documents or information requested by the appraisers fail to agree on the third (3<sup>rd</sup>). If a single appraiser within the 30-day period, then a third (3<sup>rd</sup>) is appointed, the purchase price shall be the Appraised Value established by the appraiser shall be appointed by the American Arbitration Association (acting through its office located closest to our corporate headquarters) as promptly as possible after that, upon application by either party. Nothing in this provision shall prohibit the parties from jointly approving a single appraiser.

- (c) ~~Information for Appraisal. You must furnish to the appraisers a copy of your current financial statements and your financial statements for the prior three (3) years (or the period of time you have operated your Center if less than, If three (3) years), together with the work papers and other financial data, documents or information that the appraisers request. The appraisers may take into account any other information and factors they deem relevant.~~
- (d) ~~Appraisal Process. Within 60 days after the appointment of the third appraiser, the three (3) appraisers shall appraise the assets at fair market value without taking into account any value for goodwill (the "Appraised Value"). If the three (3) appraisers agree on a single value, then they shall issue a joint report and the Appraised Value appraisers are appointed, the purchase price shall be: (i) the value determined Appraised Value agreed upon by the agreement of the three (3) appraisers. If at least two (2) of the three (3) appraisers agree on a single value, these two (2) appraisers shall issue a joint report, and the dissenting appraiser may (but need not) issue a separate report, and the value determined by agreement of the two (2) appraisers who shall agree shall be the Appraised Value. If none of the appraisers are able to agree on a single value, each appraiser shall issue a report setting forth the value determined by him or her, and appraisers; or (ii) the average of the two values (2) Appraised Values that are closest to each other shall be the Appraised Value. Before the issuance of a report by any appraiser, each appraiser shall advise the others of the value that will appear in his or her report to ensure that the determination of value made by any appraiser is made with knowledge of the values determined by the other appraisers. If for any reason there shall be only a single appraiser, then the Appraised Value shall be the value determined by the single appraiser. You and we shall equally bear the ~~if none of the appraisers agree upon the Appraised Value. Each party shall promptly pay 50% of the~~ cost of the appraisal.~~
- (e)(c) ~~Closing. Once The parties shall memorialize the Appraised Value has been determined, we have 60 additional days to prepare for acquisition by executing the closing. We will be entitled to receive from you all form of Asset Purchase Agreement we reasonably prescribe, which shall include customary representations and warranties given by you as regarding title to and the seller condition of the Acquired Assets and. At closing you must transfer good and clean title to the Acquired Assets, subject to any exceptions we agree to, set forth in the Asset Purchase Agreement, and we must pay you the purchase price. We may deduct from the Appraised Value all purchase price: (i) any amounts you owe us or our affiliates under this Agreement or any other any Definitive Agreement, Agreements including, if applicable, liquidated damages the Early Termination Fee and/or other damages owed (other than lost profits) as a result of our termination of this Agreement due to your breach; and (ii) the amount of any liabilities we assume on your behalf, including future rent and pre-paid liabilities carried by your Business. We will have at least 60 days after the purchase price of the Acquired Assets has been established to close the transaction.~~

## 23. DISPUTE RESOLUTION.

- 23.1. Negotiation and Mediation.** Except as otherwise provided below with respect to Excluded Claims, the parties shall attempt in good faith to resolve any Dispute through informal discussions and negotiations. If these efforts are unsuccessful, ~~the parties agree to~~ either party may submit the Dispute to mediation before a mutually-agreeable mediator prior to arbitration. All negotiations and mediation proceedings (including ~~without limitation, all~~ discovery conducted therein, ~~as well as all~~ and statements and settlement offers made by either party or the mediator in connection with the mediation): (a) shall be strictly confidential; (b) shall ~~be considered as compromise and constitute~~ “settlement negotiations” for purposes of ~~the Federal Rules of Evidence~~ federal and state rules of evidence; and (c) shall not be admissible or otherwise used for any purpose in ~~connection with~~ any court or arbitration proceeding ~~for any purpose~~ (except evidence that would otherwise be discoverable or admissible shall not be excluded from discovery or made inadmissible simply because of its use in mediation). The mediator may not be called as a witness for any purpose in any court or arbitration proceeding ~~for any purpose~~. Any Dispute involving ~~claims~~ Claims alleging a breach of §15 ~~and/or~~ §18 and/or §22 (referred to as “Excluded Claims”) willis not ~~be~~ subject to mandatory negotiation or mediation unless both parties agree otherwise.
- 23.2. Arbitration.** If ~~the~~ a Dispute is not resolved by mediation within 60 days after ~~either~~ a party makes a demand for mediation, ~~the parties will~~ then either party may submit the Dispute to mandatory and binding arbitration conducted pursuant to the Commercial Arbitration Rules of the American Arbitration Association ~~(the “AAA Rules”)~~. The party filing the arbitration must initially bear the cost of any arbitration fees or costs. The arbitrators will not have authority to award exemplary or punitive damages. Any Dispute involving an Excluded Claim willis not ~~be~~ subject to mandatory arbitration unless both parties agree otherwise.
- 23.3. Litigation.** If a Dispute involves an Excluded Claim, then either party may file a lawsuit in any state or federal court of general jurisdiction in accordance the choice of venue provision ~~set forth~~ below. The parties hereby express their clear and unequivocal intent that a court, rather than a mediator or arbitrator, ~~shall have~~ has exclusive jurisdiction to decide the threshold issue of whether a Dispute involves an ~~alleged~~ Excluded Claim (i.e., whether ~~there are any~~ claims alleging Claim alleges a breach of §15 ~~and/~~ §15, §18 or §22).
- 23.4. Venue.** All mediation, arbitration and litigation shall take place in the county in which we maintain our principal place of business at the time the Dispute arises (currently, King County, Washington). The parties irrevocably waive any objection to such venue and, ~~with respect to litigation proceedings, submit~~ consent to the jurisdiction of such courts.
- 23.5. Attorney’s Fees and Costs.** If ~~we or you must enforce this Agreement in a~~ judicial or Dispute is resolved through an arbitration or judicial proceeding, the substantially prevailing party will be ~~is~~ entitled to reimbursement of its costs and expenses, including reasonable accounting and legal fees and arbitration or court costs. In addition, if you or an Owner breach any term of a Definitive Agreement, you must reimburse us for all reasonable legal fees and other expenses we incur ~~relating to such~~ as a result of the breach, regardless of whether the breach is cured prior to commencement of formal dispute resolution proceedings.
- 23.6. Waivers.** UNLESS PROHIBITED BY APPLICABLE LAW, ANY DISPUTE CLAIM (OTHER THAN FOR PAYMENT OF MONIES OWED OR ~~A VIOLATION OF §15 OR §18~~) AN EXCLUDED CLAIM MUST BE BROUGHT BY FILING A WRITTEN DEMAND FOR MEDIATION WITHIN ONE (1) YEAR FOLLOWING THE CONDUCT, ACT OR OTHER EVENT OR OCCURRENCE GIVING RISE TO THE CLAIM, OR THE RIGHT TO ANY REMEDY WILL BE DEEMED FOREVER WAIVED AND BARRED. WE AND YOU IRREVOCABLY WAIVE: (a) TRIAL BY JURY; AND (b) THE RIGHT TO ARBITRATION ARBITRATE OR LITIGATE A DISPUTE ON A CLASS ACTION BASIS, ~~IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER OF THE PARTIES.~~

## 24. REPRESENTATIONS.

- 24.1. **Corporate Representations.** You and the Owners jointly and severally represent and warrant to us that the execution and delivery of this Agreement, and the performance of your obligations hereunder, does not: (a) conflict with, breach or constitute a default under any ~~other~~ agreement to which you are (or any affiliate of yours is) a party or by which your (or your affiliate's) assets ~~may be~~ bound; (b) violate any order, ~~writ,~~ injunction, decree, judgment or ruling of ~~any~~ Governmental Authority; or (c) violate any applicable Law. If the franchisee is an Entity, you and the Owners also jointly and severally represent and warrant to us that: (a) the Franchisee Entity is duly organized, validly existing and in good standing under the Laws of the state of its formation and has the requisite power and authority to enter into this Agreement and perform ~~each of its~~ obligations hereunder; and (b) the execution and delivery of this Agreement have been duly authorized by all requisite corporate action and this Agreement ~~shall constitute~~ constitutes the legal, valid and binding obligation of ~~the Franchisee Entity,~~ and ~~shall be~~ is enforceable against, the Franchisee Entity in accordance with its terms.
- 24.2. **General Representations.** You and the Owners jointly and severally represent and warrant to us that you and the Owners are aware that: (a) other franchisees may operate under different forms of agreement and our obligations and rights with respect to franchisees differs materially in certain circumstances; and (b) we may negotiate terms or offer concessions to other franchisees and we have no obligation to offer you the same or similar negotiated terms or concessions.
- 24.3. **Anti-Terrorism Compliance.** You and the Owners jointly and severally represent and warrant to us that, to the best of your and their knowledge: (a) no property or interest owned by you or any Owner is subject to being "blocked" under any Anti-Terrorism Law; (b) neither you nor any Owner, nor any of their respective funding sources (including any legal or beneficial owner of ~~any~~ an Equity Interest in ~~you~~ the Business or Franchisee Entity) or related parties is, or has ever been: (i) a terrorist or suspected terrorist within the meaning of the Anti-Terrorism Law; or (ii) identified by name ~~(or, alias, pseudonym or, nickname)~~ or address on any Terrorist List, including ~~on~~ the list of "Specially Designated Nationals" or "Blocked Persons" maintained by the U.S. Treasury Department's Office of Foreign Assets Control (texts currently available at [www.home.treasury.gov](http://www.home.treasury.gov)); and (c) you and the Owners are in compliance with, and shall continue to comply with, the Anti-Terrorism Law and all other U.S. Laws ~~(either currently in effect, or enacted in the future)~~ ~~prohibiting~~ that prohibit corrupt business practices, money laundering or the aid or support of Persons who conspire to commit acts of terror against any Person or government ~~that are in effect within the United States of America.~~ The foregoing representations and warranties are 'continuing' representations and warranties for the duration of the franchise relationship. Accordingly, you ~~agree to notify us must immediately in writing~~ notify us of the occurrence of ~~any~~ an event or ~~the~~ development of ~~any~~ a circumstance that might render any of the foregoing representations and warranties false, inaccurate or misleading.

## 25. GENERAL PROVISIONS

- 25.1. **Governing Law.** Except as governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. §§ 1051, et seq.), this Agreement and the franchise relationship shall be governed by the Laws of the State of Washington (without reference to its principles of conflicts of law), but any Law of the State of Washington that regulates the offer and sale of franchises or business opportunities or governs the relationship of a franchisor and its franchisee will not apply unless its jurisdictional requirements are met independently without reference to this Section.
- 25.2. **Relationship of the Parties.** Nothing in this Agreement creates a fiduciary relationship between the parties or is intended to make either party a general or special agent, legal representative, ~~subsidiary,~~ joint venture, partner, employee or servant of the other for any purpose. Throughout the Term you must, in all dealings with third parties, conspicuously identify yourself as a franchisee and the independent owner of your Center. We may require that you display a written notice of independent ownership, in the form we prescribe, at any location within your Center that we specify. You must

also include a written indication of independent ownership on all agreements, forms, letterhead, advertising materials, business cards and other materials that we specify. Neither party ~~is permitted to~~ may: (a) make any express or implied agreement, warranty or representation, or incur any debt, in the name of or on behalf of the other; or (b) represent that our relationship is other than franchisor and franchisee. ~~In addition, neither~~ Neither party ~~will be~~ is obligated by any ~~agreements~~ agreement or ~~representations~~ representation made by the other ~~that are not~~ party unless expressly authorized by this Agreement.

- 25.3. Severability and Substitution.** Each section ~~and subsection~~ of this Agreement, ~~(and any portion thereof, shall be considered)~~ is severable. If applicable Law imposes mandatory ~~non-waivable~~ terms ~~or conditions~~ that conflict with ~~a provision of~~ this Agreement, the terms ~~or conditions~~ required by such Law shall govern to the extent of the inconsistency. If a court ~~[[[or arbitrator]]]~~ concludes ~~that~~ any promise or covenant in this Agreement is unreasonable or unenforceable: ~~(a), we or~~ the court ~~[[[or arbitrator]]]~~ may modify such promise or covenant to the minimum extent necessary to make it enforceable; ~~or (b) we may unilaterally modify such promise or covenant to the minimum extent necessary to make it enforceable.~~
- 25.4. Waivers.** Each party may waive any obligation imposed on the other party in writing. Neither party ~~shall be~~ is deemed to have waived or impaired any of its ~~contractual~~ rights under this Agreement ~~(, including the right to require strict compliance with all terms of this Agreement or terminate this Agreement due to if the other party's failure~~ party fails to comply with such terms); by virtue of: (a) any custom or practice of the parties at variance with the terms of this Agreement; (b) any failure, refusal or neglect by ~~either~~ a party to exercise any right under this Agreement or require the other party to strictly comply with ~~its obligations under~~ any term of this Agreement; (c) our waiver, failure or refusal to exercise any of our rights with respect to other franchisees; or (d) our acceptance of ~~payments~~ payment from you after your breach.
- 25.5. Approvals.** Whenever this Agreement requires our approval, you must make a timely written request for approval, ~~and the~~ Our approval must be in writing in order to bind us. Except as otherwise expressly provided in this Agreement, if we fail to approve any request for approval within the required period of time, we shall be deemed to have disapproved your request. ~~If we deny approval and you seek legal redress for the denial, the only relief to which you may be entitled is to acquire our approval. You are not entitled to any other relief or damages for our denial of approval.~~
- 25.6. Force Majeure.** Neither party shall be liable for loss or damage or deemed ~~to be~~ in breach of this Agreement if such party's failure to perform its obligations results from an event of Force Majeure; *provided, however,* that an event of Force Majeure shall not excuse or permit any failure to perform for more than 180 days. If the period of non-performance exceeds 180 days from receipt of notice of the Force Majeure event, the party whose ability to perform has not been affected may immediately terminate this Agreement by giving ~~written~~ notice of termination to the other party.
- 25.7. Binding Effect.** This Agreement is binding on the parties hereto and their respective executors, administrators, heirs, assigns and successors in interest. Nothing in this Agreement is intended, nor shall be deemed, to confer any rights or remedies upon any Person not a party to this Agreement; *provided, however,* that the additional insureds listed in §16.1 and the Indemnified Parties are intended third-party beneficiaries under this Agreement with respect to §16.1 and §19, respectively.
- 25.8. Integration.** THIS AGREEMENT CONSTITUTES THE ENTIRE AGREEMENT BETWEEN THE PARTIES AND MAY NOT, EXCEPT AS PERMITTED BY §11.2 AND §25.3, BE CHANGED EXCEPT BY A WRITTEN DOCUMENT SIGNED BY BOTH PARTIES. In addition, our issuance of ~~the~~ a Site Approval Notice ~~attached hereto as ATTACHMENT "B"~~ shall be deemed to amend this Agreement to identify the approved site ~~for your Center and your~~ Center Territory for your Center, regardless of whether you countersign and/or return the Site Approval Notice. Any email or ~~other~~ informal electronic communication shall not be deemed to modify this Agreement unless it is signed by both parties and ~~specifically~~ expressly states it is intended to modify this Agreement. The ~~attachment(s)~~ attachments are part of this Agreement, which, together with any Amendments or

Addenda executed on or after the Effective Date, ~~constitutes~~constitute the entire understanding and agreement of the parties, ~~and there. There~~ are no other oral or written understandings or agreements between ~~us and you~~the parties about the subject matter of this Agreement. As referenced above, all mandatory provisions of the Manual are part of this Agreement. Any representations not specifically contained in this Agreement made before entering into this Agreement do not survive after the signing of this Agreement. Nothing in this Agreement is intended to disclaim any of the representations we made in the Franchise Disclosure Document. 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 (a) waiving any claims under any applicable state franchise law, including fraud in the inducement or (b) disclaiming reliance on any statement made by any franchisor, franchise seller, or other ~~Person~~person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

**25.9. Covenant of Good Faith.** If applicable Law implies into this Agreement a covenant of good faith and fair dealing, the covenant ~~shall may~~ not imply any ~~rights~~right or ~~obligations that are~~obligation inconsistent with the express terms ~~of this Agreement.~~hereof. This Agreement ~~(, and the relationship of the parties inherent in this Agreement),~~ grants us discretion to make decisions, take actions ~~and/or~~ refrain from taking actions not inconsistent with our explicit rights and obligations under this Agreement that may favorably or adversely affect your interests. We will use our judgment ~~in~~ ~~exercising the~~to exercise this discretion based on our assessment of our own interests and balancing ~~those~~our interests against the interests of our franchisees ~~(including ourselves and our affiliates if applicable),~~ but without considering the individual interests of you or any other ~~particular~~ franchisee.

**25.10. Rights of Parties are Cumulative.** The rights of the parties under this Agreement are cumulative and no exercise or enforcement by ~~either~~a party of any right or remedy under this Agreement ~~will~~ ~~preclude~~precludes any other right or remedy available to such party under this Agreement or by ~~law~~Law.

**25.11. Survival.** All provisions that expressly or by their nature survive the termination, expiration or Transfer of this Agreement ~~(, or the Transfer of an~~ ~~ownership interest~~Equity Interest in the Business or Franchisee Entity), shall continue in full force and effect subsequent to and notwithstanding its termination, expiration or Transfer and until they are satisfied in full or by their nature expire, including, without limitation, §14, §15, §17, §19, §22, §23 and §25.

**25.12. Construction.** The headings in this Agreement are for convenience only and do not define, limit or construe the contents of the sections or subsections. All references to Sections refer to the Sections contained in this Agreement unless otherwise specified. All references to days in this Agreement refer to calendar days unless otherwise specified. The term “you” as used in this Agreement is applicable to one or more Persons, and the singular usage includes the plural and the masculine and neuter usages include the other and the feminine and the possessive.

**25.13. Time of Essence.** Time is of the essence in this Agreement and every term thereof.

**25.14. Notice/Notices.** All notices and notifications given under this Agreement must be in writing, ~~and must be~~ delivered by: (a) hand, email (to the last email address provided by the recipient) delivery; (b) registered or first-class certified air mail, postage prepaid, return receipt requested; (c) special delivery service (e.g., Federal Express, DHL, UPS, etc.); or (d) email, in each case to the following addresses (which may be changed upon 10 business ~~days~~days’ prior ~~written~~ notice):

YOU: As set forth in Part A of ATTACHMENT "A"

US: BiC Franchise System Corporation  
4820 NE 4<sup>th</sup> St., Suite A-107  
Renton, Washington 98059  
Attention: Chief Executive Officer  
Email: hao@bestinclasseducation.com

Notice ~~shall be considered~~ is deemed given ~~at~~ on the ~~time~~ earliest to occur of: (i) the date delivered by hand, ~~or one (1;~~ (ii) the third (3<sup>rd</sup>) business day after ~~sending by email or comparable electronic system, or three (3) business days after~~ placed in the mail, ~~postage prepaid, by certified mail or provided to special delivery services in accordance~~ with ~~a return receipt requested~~ clause (b) or (c) above; or (iii) the first (1<sup>st</sup>) calendar day after sent by email.

**25.15. Counterparts.** This Agreement may be signed in multiple counterparts, each of which shall be deemed an original and all of which together shall constitute but one and the same document.

[Signature Page Follows]

~~\*\*\*~~

The parties ~~to this Agreement~~[below](#) have executed this Agreement effective as of the Effective Date first above written.

**FRANCHISOR:**

BiC Franchise System Corporation, a Delaware corporation

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

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

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

**YOU (If you are an Entity):**

\_\_\_\_\_,  
a(n) \_\_\_\_\_

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

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

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

**YOU (If you are not an Entity):**

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

**ATTACHMENT "A"**  
**TO FRANCHISE AGREEMENT**

**DEAL TERMS**

**A. Franchisee Details-**

Name of Franchisee: [ \_\_\_\_\_ ]

Is the franchisee one or more natural ~~persons~~Persons signing in their individual capacity?     Yes:     No:  
\_\_\_\_\_

Type of Entity and State of Formation\* (if applicable): [ \_\_\_\_\_ ]

\* *If the franchisee is a business Entity, each ~~natural person~~Person holding a direct or indirect ~~ownership interest~~Equity Interest in the ~~business~~Franchisee Entity, and spouse of each such ~~person~~Person who is a natural Person, must sign the Franchise Owner Agreement concurrently with the execution of this Agreement.*

The following table includes the full name of each ~~natural person~~Person holding a direct or indirect ~~ownership interest~~Equity Interest in the ~~franchise (Business or the franchisee business)~~Franchisee Entity ~~if, as applicable,~~ along with a description of their ~~ownership interest~~Equity Interest.

Owner's Name	% <del>Ownership</del> <u>Equity</u> Interest	Direct or Indirect (if indirect, describe nature of interest)

Notice Address: [ \_\_\_\_\_ ]  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Attention:  
Email:

**B. Site Selection Area-**

The Site Selection Area referenced in the Franchise Agreement ~~shall consist~~consists of the following geographic area:

[ \_\_\_\_\_ ]  
\_\_\_\_\_

\* *The Site Selection Area is not your territory and there are no protections associated with this area.*

**C. Approved Site-**

We hereby approve the site listed below for your Center.

Approved Address: [ \_\_\_\_\_ ]

\* *If the site for your Center has not been approved by us at the time this Agreement is signed, we will send you a Site Approval Notice in accordance with §7.1 listing the address of your approved site.*

**D. Center Territory**

The Center Territory referenced in the Franchise Agreement consists of, and shall consist of be limited to, the following geographic area (as may be further depicted on the map attached below):

[ \_\_\_\_\_ ]

If ~~there are any changes to the zip codes or other~~ boundaries that define ~~your~~the Center Territory change during the ~~term of the Franchise Agreement or any renewal term, then, unless otherwise agreed to by you and us in writing~~Term, the boundaries of your Center Territory ~~shall~~will remain unaffected and will continue to be defined by the ~~zip codes or other~~ boundaries that were in effect as of the Effective Date ~~and~~(as may be depicted on ~~the~~a map ~~on the following page attached below~~). You may provide suggestions for the Center Territory but we ultimately have sole discretion to determine the boundaries of your Center Territory.

*[Insert Map Below (if applicable)]*

*\* ~~If your Center Territory is we do not defined at~~approve the time you signsite for your Center before this Agreement is signed, we will send you a Site Approval Notice in accordance with ~~§3 within 15 days after site approval~~3.2 to identify the geographic area that comprises your Center Territory, which will include a description of your Center Territory with a protected territory map. Your Center Territory will include 15,000 to 18,000 students between the ages of 5 and 17. You will have five (5) business days to respond and request adjustments to the boundaries of the Center Territory. If you do not request any adjustments during the five (5)-day period, then the Center Territory we provide is deemed final and confirmed and there will be no subsequent adjustments.*

**F. Initial Franchise Fee**

You agree to pay us the following initial franchise fee (check appropriate box):

- \$45,000 (for 1<sup>st</sup> Center)
- \$40,000 (for 2<sup>nd</sup> Center)
- \$35,000 (for 3<sup>rd</sup> or subsequent Center)

**ATTACHMENT "B"**  
**TO FRANCHISE AGREEMENT**  
**FORM OF SITE APPROVAL NOTICE**

*[See Attached]*

**SITE APPROVAL NOTICE**

BiC Franchise System Corporation (“we” or “us”) is issuing this Site Approval Notice (this “Notice”) to \_\_\_\_\_ (“you”), effective \_\_\_\_\_, 202\_\_\_\_, in connection with the Best In Class Education Center Franchise Agreement (the “Franchise Agreement”) that we executed with you on \_\_\_\_\_, 202\_\_\_\_. The purpose of this Notice is to confirm our approval of the site you proposed for your Center and our designation of the boundaries of your “Center Territory”.

**Approved Address:**

Pursuant to §7.1 of the Franchise Agreement, we hereby approve the site listed below for your Center:

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

**Center Territory:**

Pursuant to §3.2 of the Franchise Agreement, we hereby designate the following geographic area as your “Center Territory” under the Franchise Agreement (as may be further depicted on the map attached on the following page):

[ \_\_\_\_\_ ]

If ~~there are any changes to the zip codes or other~~ boundaries that define ~~your~~the Center Territory change during the ~~term of the Franchise Agreement or any renewal term, then, unless otherwise agreed to by you and us in writing~~Term, the boundaries of your Center Territory ~~shall~~will remain unaffected and will continue to be defined by the ~~zip codes or other~~ boundaries that were in effect as of the Effective Date ~~and~~(as may be depicted on ~~the~~a map attached on the following page~~).~~ You may provide suggestions for the Center Territory but we ultimately have sole discretion to determine the boundaries of your Center Territory.

\* \* \*

By signing below, you and we agree that: (a) the address identified in this Notice shall be deemed the approved site for your Center established and operated pursuant to the Franchise Agreement; and (b) the geographic area described in this Notice under “Center Territory” shall be deemed your Center Territory under the Franchise Agreement. You acknowledge and agree that our acceptance of the site you proposed is in no way a representation by us that your site will be successful. Rather, our acceptance merely indicates the site meets our minimum standards and requirements.

We request that you sign below and send us an executed copy of this Notice to acknowledge your receipt. However, your failure or refusal to sign below will not invalidate or otherwise affect our designation of your approved site or Center Territory. Our designation of your approved site and Center Territory, as set forth in this Notice, shall be binding on you effective as of the effective date listed in the first paragraph in this Notice.

**Franchisor**

**Franchisee**

BiC Franchise System Corporation

[ \_\_\_\_\_ ]

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

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

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

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

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

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

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

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

**ATTACHMENT "C"**  
**TO FRANCHISE AGREEMENT**

**LEASE ADDENDUM**

*[See Attached]*

## **Lease Addendum**

This Lease Addendum (this "Agreement") is executed as of \_\_\_\_\_, 202\_\_ by and among BiC Franchise System Corporation, a Delaware corporation ("Franchisor"), [\_\_\_\_\_] a(n) [\_\_\_\_\_] with principal offices located at [\_\_\_\_\_] ("Landlord"), and [\_\_\_\_\_] a(n) [\_\_\_\_\_] with principal offices located at [\_\_\_\_\_] ("Tenant").

### **Background**

- A. On [\_\_\_\_\_] 202[\_\_\_], Franchisor and Tenant executed a Best In Class Education Center Franchise Agreement (the "Franchise Agreement"), pursuant to which Franchisor granted Tenant the right and obligation to develop, open and operate a Best In Class Education Center franchised business at the premises described in Exhibit "A" (the "Premises").
- B. Concurrently with the execution of this Agreement, Landlord and Tenant are executing a lease agreement (the "Lease"), pursuant to which Landlord will lease the Premises to Tenant.
- C. To protect Franchisor's rights and interests under the Franchise Agreement, Landlord agrees to grant certain rights to Franchisor as set forth below.

### **Agreement**

- 1. Default Notices. Landlord agrees to provide Franchisor with copies of all written default notices sent to Tenant at the same time such notices are sent to Tenant. Landlord agrees to send such copies to Franchisor by email and registered mail as set forth below (Franchisor may change the notice email and address from time to time by sending written notice to Landlord):

Email:        [haolam@gmail.com](mailto:haolam@gmail.com) / [hao@bestinclasseducation.com](mailto:hao@bestinclasseducation.com)

Mail:         BiC Franchise System Corporation  
4820 NE 4th St., Suite A-107  
Renton, Washington 98059  
Attention: Hao Lam

- 2. Right to Cure. If Tenant defaults under the Lease, Franchisor has the right (but not the duty) to cure such default within 15 days following the expiration of any applicable cure period. In such event, Franchisor may immediately commence occupancy of the Premises as the tenant under the Lease without obtaining Landlord's or Tenant's consent. Franchisor may thereafter assign the Lease to another Best In Class Education Center franchisee or to an entity owned and/or controlled by Franchisor. If it does, Franchisor must first obtain Landlord's written approval of the assignee. Landlord, however, must neither unreasonably withhold nor delay its approval thereof. Landlord will acknowledge any such assignment in writing. No assignment permitted under this Section is subject to any assignment or similar fee or will cause any rental acceleration.
- 3. Right to Assign. At any time (including, without limitation, upon the expiration or termination of the Franchise Agreement), and without Landlord's prior consent, Tenant may assign the Lease to Franchisor. In such event, Franchisor may thereafter assign the Lease to another Best In Class Education Center franchisee or to an entity owned and/or controlled by Franchisor. If it does, Franchisor must first obtain Landlord's written approval of the assignee. Landlord, however, must neither unreasonably withhold nor delay its approval thereof. Landlord will acknowledge any such assignment in writing. No assignment permitted under this Section is subject to any assignment or similar fee or will cause any rental acceleration.
- 4. Right of First Refusal. Landlord hereby grants Franchisor the first right of refusal to lease the Premises as the new tenant upon the expiration or termination of the Lease. Franchisor shall have a period of 30 days after the expiration or termination of the Lease to decide whether to exercise its right of first refusal.

5. Expiration or Termination of Franchise Agreement. Landlord agrees that the expiration or termination of the Franchise Agreement shall constitute a default under the Lease, giving Franchisor the right, but not the obligation, to cure such default by succeeding to Tenant's interests under the Lease in accordance with §2 above.
6. Acknowledgement of Rights. Landlord acknowledges Franchisor's rights under the Franchise Agreement to enter the Premises, without being guilty of trespass or any other tort or crime, to: (a) make any modifications or alterations to the Premises that Franchisor deems necessary to protect its franchise system or trademarks; and (b) remove any trade fixtures, interior or exterior signs and other items bearing Franchisor's trademarks or service marks upon the expiration or termination of the Franchise Agreement.
7. Modification of Lease. Landlord and Tenant will not amend, modify, supplement, terminate, renew or extend the Lease without Franchisor's written consent.
8. Miscellaneous.
  - (a) In the event of any inconsistency between the terms of this Agreement and the terms of the Lease, the terms of this Agreement control.
  - (b) All of the terms of this Agreement, whether so expressed or not, are binding upon, inure to the benefit of, and are enforceable by the parties and their respective personal and legal representatives, heirs, successors and permitted assigns.
  - (c) The provisions of this Agreement may be amended, supplemented, waived or changed only by a written document signed by all the parties to this Agreement and making specific reference to this Agreement.
  - (d) This Agreement may be executed in one or more counterparts, each of which is an original, but all of which together constitute one and the same instrument.

In witness whereof, this Agreement has been executed the date and year first above written.

**FRANCHISOR:**

BiC Franchise System Corporation, a Delaware corporation

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

**LANDLORD:**

\_\_\_\_\_, (a)n \_\_\_\_\_  
 \_\_\_\_\_

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

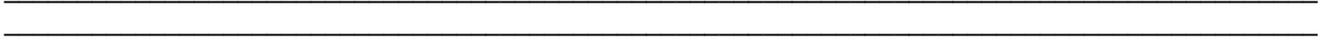
**TENANT:**

\_\_\_\_\_, (a)n \_\_\_\_\_  
 \_\_\_\_\_

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

**EXHIBIT "A" TO LEASE ADDENDUM**

**DESCRIPTION OF PREMISES**



**ATTACHMENT "D"**  
**TO FRANCHISE AGREEMENT**  
**FRANCHISE OWNER AGREEMENT**

*[/See Attached/](#)*

## FRANCHISE OWNER AGREEMENT

This Franchise Owner Agreement (this “Agreement”) is entered into by: (a) each of the undersigned ~~owners~~Owners of Franchisee (defined below); and (b) the spouse of each such ~~owner~~Owner who is a natural Person, in favor of BiC Franchise System Corporation, a Delaware corporation, and its successors and assigns (“us”), ~~upon the terms and conditions set forth in this Agreement.”~~. Each signatory to this Agreement is referred to as “you”.

~~1. Definitions. For purposes of this Agreement, the following~~DEFINITIONS. Capitalized terms not defined above have the meanings given to them below:

~~“Business Data” means all data pertaining to Franchisee’s Center and business operations, including information about students enrolled at the Center and their parents, whether collected by you, Franchisee, us, or any other person.~~

~~“Center” means a Best In Class Education business that provides school aged children with supplemental learning opportunities in the areas of Mathematics and English as well as SAT and ACT preparation courses operating under the Marks. It does not include a Satellite Office.~~

~~“Competitive Business” means any business that meets at least one of the following criteria: (a) any educational business that derives, or is reasonably expected to derive, at least 50% of its revenues from the sale of one or more of the following: (i) supplemental education classes and/or tutoring in Mathematics; (ii) supplemental education classes and/or tutoring in English; (iii) SAT preparation courses and/or tutoring; (iv) ACT preparation courses and/or tutoring; and/or (v) the sale of any educational products relating to any of the foregoing types of educational services; (b) any business that solicits, offers or sells franchises or licenses for a business that meets the criteria in clause (a) of this definition; and/or (c) any business that services, trains, supports, consults with, advises or otherwise assists any Person with respect to the development, management and/or operation of a business that meets the criteria in clause (a) of this definition. A Competitive Business does if not include any Center or Satellite Office operated pursuant to a valid franchise agreement, license agreement or Satellite Office Addendum signed by us or our affiliate.~~

~~1. “Confidential Information” means and includes: (a) the Know-How; (b) the Business Data; (c) the terms of defined below, the meanings given to them in the Franchise Agreement and all related agreements signed by Franchisee in connection with the Center, and all attachments thereto and amendments thereof; (d) the components of the System; (e) all information within or comprising the Manual; and (f) all other concepts, ideas, trade secrets, financial information, marketing strategies, expansion strategies, studies, supplier information, customer information, franchisee information, investor information, flow charts, inventions, mask works, improvements, discoveries, standards, specifications, formulae, recipes, designs, sketches, drawings, policies, processes, procedures, methodologies and techniques, together with analyses, compilations, studies or other documents that: (i) are designated as confidential; (ii) are known by you to be considered confidential by us; and/or (iii) are by their nature inherently or reasonably to be considered confidential. Confidential Information does not include any information that: (a) is now, or subsequently becomes, generally available to the public (except as a result of a breach of confidentiality obligations by you, Franchisee or Franchisee’s owners, employees or other constituents); (b) you can demonstrate was rightfully in your possession, without obligation of nondisclosure, before we, any person associated us, Franchisee, or any person associated with Franchisee, disclosed the information to you; (c) is independently developed by you without any use of, or reference to, any Confidential Information; or (d) is rightfully obtained from a third party who has the right to transfer or disclose such information to you without breaching any obligation of confidentiality imposed on such third party.~~

~~“Copyrighted Materials” means all copyrightable materials for which we or our affiliate have secured common law or registered copyright protection and that we allow franchisees to use, sell or display in connection with the marketing and/or operation of a Center, whether now in existence or created in the future.~~

~~“Development Agreement” means, if applicable, the Area Development Agreement pursuant to which the Franchise Agreement was executed.~~

“Franchise Agreement” means the Best In Class Education Center Franchise Agreement executed by Franchisee with an effective date of \_\_\_\_\_, 202\_\_.

“Franchisee” means \_\_\_\_\_.

~~“Improvement” means any idea, addition, modification or improvement to (a) the goods or services offered or sold at a Center, (b) the method of operation of a Center, (c) the processes, systems or procedures utilized by a Center, (d) the marketing, advertising or promotional materials, programs or strategies utilized by a Center or (e) the trademarks, service marks, logos or other intellectual property utilized by a Center, whether developed by you, Franchisee, us or any other person.~~

~~“Intellectual Property” means, collectively or individually, the Business Data, Copyrighted Materials, Improvements, Know-how, Marks and System.~~

~~“Know-how” means all of our trade secrets and other proprietary information relating to the design, construction, development, marketing or operation of a Center, including, but not limited to: architectural plans, drawings and specifications for a prototype Center; site selection criteria; curricula; instructional materials; methods and techniques; standards and specifications; policies and procedures; supplier lists and information; marketing strategies; merchandising strategies; financial information; and information comprising the System or included in the Manual.~~

~~“Manual” means our confidential brand standards manual for the operation of a Center.~~

~~“Marks” means and includes all service marks, trademarks, trade names and logos that we designate from time to time and authorize Centers to use, including “Best In Class Education Center” and the associated logo. The Marks also include any distinctive trade dress used to identify a Center.~~

~~“Prohibited Activities” means any or all of the following: (a) owning, operating or having any other interest (as an owner, partner, director, officer, employee, manager, consultant, shareholder, creditor, representative, agent or in any similar capacity) in a Competitive Business (other than owning an interest of five percent (5%) or less in a publicly traded company that is a Competitive Business); (b) disparaging or otherwise making negative comments about us, any of our affiliates, the System and/or any Center; (c) diverting or attempting to divert any business from us (or one of our affiliates or franchisees); and/or (d) inducing any customer of ours (or of one of our affiliates or franchisees) to transfer their business to a competitor.~~

“Restricted Period” means the two ~~(2)~~ year period after the earliest to occur of ~~the following~~: (a) the termination or expiration of the Franchise Agreement; (b) the date ~~on which~~ Franchisee assigns the Franchise Agreement to another ~~person~~ Person with respect to whom neither you nor your spouse ~~holds any direct or indirect ownership interest~~ own an Equity Interest; or (c) the date ~~on which~~ ~~neither~~ you ~~cease to be~~ nor your spouse own an owner of Equity Interest in the Business or Franchisee or your spouse ceases to be an owner of Franchisee, as applicable Entity; ~~provided however~~, that if a court of competent jurisdiction determines ~~that this~~ the two-year period ~~of time~~ is too long to be enforceable, then Restricted Period means the one ~~(1)~~ year period after the earliest to occur of ~~the following~~: (a) the termination or expiration of the Franchise Agreement; (b) the date ~~on which~~ Franchisee assigns the Franchise Agreement to another ~~person~~ Person with respect to whom neither you nor your spouse ~~holds any direct or indirect ownership interest~~ own an Equity Interest; or (c) the date ~~on which~~ ~~neither~~ you ~~cease to be~~ nor your spouse own an owner of Equity Interest in the Business or Franchisee or your spouse ceases to be an owner of Franchisee, as applicable Entity.

~~“Restricted Territory” means the geographic area within: (a) a 25-mile radius from Franchisee’s Center (and including the Center’s premises itself); (b) a 25-mile radius from any Satellite Office Franchisee develops and operates; and (c) a 25-mile radius from all other Centers and Satellite Offices that are operating or under construction as of the date of this Agreement and remain in operation or under construction during all or any part of the Restricted Period; ~~provided, however~~, that if a court of competent jurisdiction determines that the foregoing Restricted Territory is too broad to be enforceable, then Restricted Territory means the geographic area within: (a) a 25-mile radius from Franchisee’s Center (and including the Center’s premises itself); and (b) a 25-mile radius from any Satellite Office Franchisee’s develops and operates.~~

~~“Satellite Office” means a Best In Class Education Center that: (a) consists of “temporary space” that is not subject to a lease of more than 12 months in duration; and (b) consists of space that is shared between owner of the Satellite Office and one or more other businesses or organizations. Examples include churches, temples, libraries, HOA buildings, YMCAs, Boys & Girls Clubs, community centers, schools, and similar types of facilities.~~

~~“System” means the business format and operating system developed for the operation of a Center, the distinctive characteristics of which include: proprietary curriculum and educational materials; proprietary technology; trade secrets (if any); methods; techniques; procedures; and operating system.~~

2. ~~Background~~**BACKGROUND.** In your capacity as an ~~owner of Franchisee, Owner~~ (or the spouse of an ~~owner~~**Owner**) of Franchisee, you may gain knowledge of our System and Know-how. You understand that protecting the Intellectual Property is vital to our success and that of our franchisees and ~~that~~ you could seriously jeopardize our ~~entire~~ franchise system if you were to unfairly compete with us or misuse our Intellectual Property. In addition, you understand that certain terms of the Franchise Agreement apply to ~~“owners~~**Owners”** and not just Franchisee. You agree to comply with ~~the terms of this Agreement in order~~ to: (a) avoid damaging our System by engaging in unfair competition; and (b) bind yourself to the terms of the Franchise Agreement applicable to ~~owners~~**Owners**.

### ~~3. Brand Protection Covenants.~~

### 3. BRAND PROTECTION COVENANTS.

(a) Intellectual Property and Confidential Information. You agree to:

- ~~(i)~~ (i) refrain from using the Intellectual Property or Confidential Information in any capacity or for any purpose other than the operation of Franchisee’s Center in compliance with the Franchise Agreement and Manual;
- ~~(ii)~~ (ii) maintain the confidentiality of the ~~Know-how and other~~ Confidential Information at all times;
- ~~(iii)~~ (iii) refrain from making unauthorized copies of documents containing Confidential Information; (iv) take all ~~reasonable~~ steps we reasonably require to prevent unauthorized use or disclosure of ~~Know-how or other Confidential Information;~~
- ~~(iv)~~ refrain from making unauthorized copies of documents containing any Know-how or other Confidential Information; and
- ~~(v)~~ (v) immediately stop using the Intellectual Property and Confidential Information at such time that you are ~~no longer an owner of Franchisee~~ (or your spouse is) no longer an ~~owner of Franchisee, as applicable.~~

Owner. You agree to assign to us or our designee, without charge, all rights to any Improvement developed by you, including the right to grant sublicenses. If applicable ~~law~~**Law** precludes you from assigning ownership ~~of any to us, then you agree to perpetually license the~~ Improvement to us, ~~then such Improvement shall be perpetually licensed by you to us~~ free of charge, with full rights to use, commercialize and sublicense the same.

- (b) Unfair Competition. You may not engage in any Prohibited Activities at any time: (i) that you are ~~an owner of Franchisee~~ (or ~~while~~ your spouse is ~~an owner of Franchisee, as applicable~~) an Owner; or (ii) during the Restricted Period. Notwithstanding the foregoing, you may have an interest in a ~~Competitive~~**Competing** Business during the Restricted Period as long as the ~~Competitive~~**Competing** Business is not located ~~within,~~ (and does not ~~provide competitive educational services to students who reside within, operate~~) within the Restricted Territory. If you engage in any Prohibited ~~Activities~~**Activity** during the Restricted Period (other than having an interest in a ~~Competitive~~**Competing** Business permitted by this Section); your Restricted Period will be extended by the period of time during which you ~~were engaging~~ engaged in the Prohibited Activity (~~any.~~ Any such extension of time will not ~~be construed as~~ constitute a waiver of your breach or ~~otherwise~~ impair

any of our rights or remedies relating to your breach). For purposes of clarity, you remain bound by any non-competition covenants in other Definitive Agreements that remain in effect for a period of time that extends beyond the expiration of the Restricted Period under this Agreement, and the expiration of the Restricted Period under this Agreement does not in any way diminish your obligation to comply with such other covenants.

- (c) Family Members. ~~Because you~~ You could circumvent the purpose of ~~this Agreement~~ §3 by disclosing ~~Know-how~~ Confidential Information to ~~an~~ immediate family ~~member~~ members (i.e., parent, sibling, child, or grandchild) and it would be difficult for us to prove ~~any such~~ your breach. For that reason you will be presumed to have breached this Agreement if ~~a member of your~~ an immediate family member: (i) engages in ~~any~~ Prohibited ~~Activities~~ Activity at any time ~~that~~ you are prohibited from ~~engaging in the Prohibited Activities doing so;~~ or (ii) uses or discloses Confidential Information. However, you may rebut this presumption with evidence conclusively showing you did not disclose ~~Know-how~~ Confidential Information to the family member.
- (d) Covenants Reasonable. You agree that: (i) the ~~terms of this Agreement~~ covenants in §3 are reasonable ~~both in time~~ duration and ~~in scope of~~ geographic ~~area~~ scope; and (ii) you have sufficient resources, business experience and opportunities to earn an adequate living while complying with ~~the terms of this Agreement.~~ ~~YOU HEREBY WAIVE ANY RIGHT TO CHALLENGE §3 OF THIS AGREEMENT AS BEING OVERLY BROAD, UNREASONABLE OR UNENFORCEABLE.~~ these covenants. Although you and we ~~both~~ believe the covenants in ~~this Agreement~~ §3 are reasonable, we may ~~at any time,~~ upon written notice to you, unilaterally modify the ~~terms of the~~ brand protection covenants in §3 of this Agreement, ~~upon written notice to you,~~ by limiting the scope of the Prohibited Activities, narrowing the definition of a ~~Competitive~~ Competing Business, shortening the duration of the Restricted Period, reducing the geographic scope of the Restricted Territory and/or reducing the scope of any other covenant imposed upon you under §3 of this Agreement to ensure ~~that the terms and~~ covenants are enforceable under applicable ~~law~~ Law.
- (e) Breach. You agree that: (i) any failure to comply with §3 is likely to cause substantial and irreparable damage to us and/or other franchisees for which there is no adequate remedy at law; and (ii) we are entitled to injunctive relief if you breach §3 together with any other relief available at equity or law. We will notify you if we intend to seek injunctive relief, but we need not post a bond. If a court requires that we post a bond despite our mutual agreement to the contrary, the ~~required~~ bond amount ~~of the bond~~ may not exceed \$1,000. ~~If an injunction is wrongfully issued, you may seek dissolution of the injunction as your sole~~ No remedy. ~~You hereby waive all claims for damages resulting from a wrongfully issued injunction. None of the remedies available to us under this Agreement are~~ is exclusive of any other, but may be combined with others under this Agreement, or at law or in equity, including injunctive relief, specific performance and recovery of monetary damages. ~~No claim held by you against us, our affiliate or Franchisee may be used as a defense against our enforcement of this §3.~~

4. ~~Transfer Restrictions.~~ TRANSFER RESTRICTIONS. ~~If you are an owner of Franchisee, you acknowledge that we~~ We must approve all ~~persons~~ Persons who ~~hold a direct or indirect ownership interest~~ own an Equity Interest in ~~the Business or Franchisee.~~ Accordingly Entity. ~~If you are an Owner,~~ you agree that you will not, ~~directly~~ Transfer an Equity Interest in the Business or ~~indirectly or by operation of law, sell, assign, mortgage, pledge or in any manner transfer any direct or indirect ownership interest in Franchisee~~ Franchisee Entity except in accordance with ~~the terms and conditions set forth in~~ §20 of the Franchise Agreement.

5. ~~Financial Security.~~ FINANCIAL SECURITY. In order to secure Franchisee's financial obligations under the Franchise Agreement and all ~~ancillary agreements executed by Franchisee in connection with the Franchise Agreement, including, but not limited to, any agreement for the purchase of goods or services from us or an affiliate of ours and any promissory note related to payments owed to us~~ other Definitive Agreements (collectively, the "Secured Agreements"); ~~you, jointly and severally, hereby~~ personally and unconditionally: (a) guarantee to us and our ~~suecessor~~ successors and assigns, that Franchisee shall punctually fulfil all of its payment and other financial obligations under the Secured Agreements; and (b) agree to be personally bound by, and personally liable for, each and every monetary

provision in the Secured Agreements. You waive:

- ~~(i)~~ (i) acceptance and notice of acceptance by us of the foregoing undertakings;
- ~~(ii)~~ (ii) notice of demand for payment of any indebtedness guaranteed;
- ~~(iii)~~ (iii) protest and notice of default to any party with respect to the indebtedness guaranteed;
- ~~(iv)~~ (iv) any right you may have to require that an action be brought against Franchisee or any other ~~person~~ Person as a condition of liability; and
- ~~(v)~~ (v) the defense of the statute of limitations in any action hereunder or for the collection of any indebtedness hereby guaranteed.

5. You agree that: (a) your direct and immediate liability under this guaranty ~~shall be~~ is joint and several with Franchisee and all other signatories to this Agreement; (b) you will render any payment required under the Secured Agreements upon demand if Franchisee fails to promptly do so; (c) your liability ~~shall be~~ is not ~~be~~ contingent or conditioned upon our pursuit ~~by us~~ of any remedies against Franchisee or any other ~~person~~ Person; and (d) your liability ~~shall~~ will not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence ~~that we may grant~~ to Franchisee or ~~to~~ any other ~~person~~ Person, including the acceptance of any partial payment or performance, or the compromise or release of any ~~claims~~ Claims, none of which shall in any way modify or amend this guarantee, which ~~shall be~~ remains continuing and irrevocable during the term of each ~~of the~~ Secured ~~Agreements~~ Agreement and following the termination, expiration or transfer of each ~~of the~~ Secured ~~Agreements~~ Agreement to the extent any financial obligations under ~~any such a~~ Secured ~~Agreements~~ Agreement survive such termination, expiration or transfer. This guaranty will continue unchanged by the occurrence of any bankruptcy of Franchisee or any assignee or successor of Franchisee or by any abandonment of one or more of the Secured Agreements by a trustee of Franchisee. Neither your obligation to make payment in accordance with the terms of this undertaking nor any remedy for enforcement ~~shall~~ will be impaired, modified, ~~changed,~~ released or limited in any manner whatsoever by any impairment, modification, ~~change,~~ release or limitation of the liability of Franchisee or its estate in bankruptcy or of any remedy for enforcement, resulting from the operation of any present or future provision of the U.S. Bankruptcy Act or other statute, or from the decision of any court or agency.

6. ~~Dispute Resolution.~~ REPRESENTATION. You represent to us that you received a copy of the executed Franchise Agreement.

6.7. DISPUTE RESOLUTION. Any dispute between the parties relating to this Agreement shall be brought in accordance with the dispute resolution ~~procedures~~ provisions set forth in the Franchise Agreement. ~~Notwithstanding the foregoing, which are incorporated into this Agreement by reference as if any dispute resolution procedures in the Franchise Agreement conflict with any terms of this Agreement, the terms of this Agreement shall prevail.~~ fully set forth herein. **You acknowledge and agree that your breach of this Agreement ~~by you shall constitute~~ constitutes a material event of default under the Franchise Agreement, permitting us to terminate the Franchise Agreement in accordance with ~~the~~ its terms thereof.**

7. ~~Miscellaneous~~ MISCELLANEOUS.

- (a) If either party hires an attorney or files suit against the other party for breach of this Agreement, the losing party must reimburse the prevailing party for its reasonable attorneys' fees and costs.
- (b) This Agreement ~~will be~~ is governed by, ~~construed and enforced under~~ the ~~laws~~ Laws of Washington ~~and the courts in that state shall have jurisdiction over any legal proceedings arising out of this Agreement.~~
- (c) Any ~~claim,~~ Claim or defense ~~or cause of action~~ you may have against us or against Franchisee, regardless of cause or origin, cannot be used as a defense against our enforcement of this Agreement.
- (d) Each section of this Agreement, ~~including each subsection~~ (and portion thereof,) is severable. If any

section, ~~subsection~~ (or portion ~~of this Agreement~~ ~~thereof~~) is unenforceable, it shall not affect the enforceability of any other section, ~~subsection~~ (or portion. ~~The parties agree that the~~ ~~thereof~~). A court may ~~impose such limitations on the terms~~ ~~revise any provision~~ of this Agreement ~~as it deems in its discretion to the extent~~ necessary to make ~~such terms reasonable in scope, duration and geographic area~~ ~~the provision enforceable~~.

- (e) ~~You agree that we~~ We may deliver to you any notice ~~or other communication~~ contemplated by this Agreement in the same manner and to the same address listed in the notice ~~provisions~~ provision of the Franchise Agreement and any such delivery shall be deemed effective for purposes of this Agreement. You may change the address to which notices must be sent by sending us a written notice requesting such change, which notice shall be delivered in the manner and to the address listed in the Franchise Agreement.

Each ~~Signature Page Follows~~

~~In witness whereof, each~~ of the undersigned has executed this Agreement as of the date or dates set forth below.

**OWNER / SPOUSE**

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

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

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

**OWNER / SPOUSE**

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

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

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

**OWNER / SPOUSE**

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

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

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

**OWNER / SPOUSE**

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

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

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

**ATTACHMENT "E"**  
**TO FRANCHISE AGREEMENT**

**ACH AUTHORIZATION FORM**

*[See Attached]*

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**AUTOMATED CLEARING HOUSE PAYMENT AUTHORIZATION FORM**

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**Franchisee Information:**

Franchisee Name

Business No.

Franchisee Mailing Address (street)

Franchisee Phone No.

Franchisee Mailing Address (city, state, zip)

Contact Name, Address and Phone number (if different from above)

Franchisee Fax No.

Franchisee Email Address

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**Bank Account Information:**

Bank Name

Bank Mailing Address (street, city, state, zip)

Bank Account No.

Checking  Savings  
(check one)

Bank Routing No. (9 digits)

Bank Mailing Address (city, state, zip)

Bank Phone No.

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**Authorization:**

Franchisee hereby authorizes BiC Franchise System Corporation (“Franchisor”) to initiate debit entries to Franchisee’s account with the Bank listed above and Franchisee authorizes the Bank to accept and to debit the amount of such entries to Franchisee’s account. Each debit shall be made from time to time in an amount sufficient to cover any fees payable to Franchisor pursuant to any agreement between Franchisor and Franchisee as well as to cover any purchases of goods or services from Franchisor or any affiliate of Franchisor. Franchisee agrees to be bound by the National Automated Clearing House Association (NACHA) rules in the administration of these debit entries. Debit entries will be initiated only as authorized above. This authorization is to remain in full force and effect until Franchisor has received written notification from Franchisee of its termination in such time and in such manner as to afford Franchisor and the Bank a reasonable opportunity to act on it. Franchisee shall notify Franchisor of any changes to any of the information contained in this authorization form at least 30 days before such change becomes effective.

Signature: \_\_\_\_\_

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

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

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

Federal Tax ID Number: \_\_\_\_\_

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**NOTE: FRANCHISEE MUST ATTACH A VOIDED CHECK RELATING TO THE BANK ACCOUNT.**

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**ATTACHMENT "F"**  
**TO FRANCHISE AGREEMENT**  
**CONFIDENTIALITY AGREEMENT**

*[See Attached]*

## CONFIDENTIALITY AGREEMENT

This Agreement (this “Agreement”) is entered into by the undersigned (“you”) in favor of BiC Franchise System Corporation, a Delaware corporation, and its successors and assigns (“us”), ~~upon the terms and conditions set forth in this Agreement.”).~~

1. ~~Definitions. For purposes of this Agreement, the following~~ DEFINITIONS. Capitalized terms that are not defined above have the meanings given to them below:

“Business Data” means all data pertaining to Franchisee’s Center, students (and student parents) and business operations, ~~including information about students enrolled at the Center and their parents,~~ whether collected by you, Franchisee, us or any other person.

~~“Center” means a Best In Class Education business that provides school-aged children with supplemental learning opportunities in the areas of Mathematics and English as well as SAT and ACT preparation courses operating under the Marks. “Center” means a Best In Class Education business that provides school-aged children with supplemental learning opportunities in the areas of Mathematics and English as well as SAT and ACT preparation courses operating under the Marks. It does not include a Satellite Office.~~

“Confidential Information” means and includes: (a) ~~the~~ Know-How; (b) ~~the~~ Business Data, including the names, contact information and other data pertaining to current, former, or prospective Center students; (c) ~~the~~ information in the Manual or comprising the System; (d) terms of the Franchise Agreement (and ~~all~~ related agreements) signed by Franchisee in connection with the Center, ~~and all attachments thereto;~~ and ~~amendments thereof;~~ (e) ~~the components of the System;~~ (f) ~~all information within or comprising the Manual;~~ and (g) all other concepts, ideas, trade secrets, financial information, marketing strategies, expansion strategies, studies, supplier information, ~~customer~~ student and parent information, franchisee information, investor information, flow charts, inventions, mask works, improvements, discoveries, standards, specifications, formulae, recipes, designs, sketches, drawings, policies, processes, procedures, methodologies and techniques, together with analyses, compilations, studies or other documents that are: (i) ~~are~~ designated as confidential; (ii) ~~are~~ known by you to be considered confidential by us; and/or (iii) ~~are by their nature inherently or~~ reasonably to be considered confidential- due to their nature. Confidential Information does not include ~~any~~ information that: (a) is now, or subsequently becomes, generally available to the public (except as a result of a breach of confidentiality obligations by you, Franchisee or Franchisee’s owners, employees or other constituents); (b) you can demonstrate was rightfully in your possession, without obligation of nondisclosure, before ~~the information was disclosed to you by us we (or any person associated with us)~~ or Franchisee (or any person associated with ~~us or~~ Franchisee); disclosed the information to you; (c) is independently developed by you without any use of, or reference to, any Confidential Information; or (d) is rightfully obtained from a third party who has the right to transfer or disclose ~~such~~ the information to you without breaching ~~any obligation of a~~ confidentiality covenant imposed on such third party.

“Copyrighted Materials” means all copyrightable materials for which we or our affiliate ~~have secured~~ claim or secure common law or registered copyright protection and that we allow franchisees to use, sell or display in connection with the marketing and/or operation of a Center, ~~whether now in existence or created in the future.~~

“Franchisee” means the Best In Class Education Center franchisee for whom you are an ~~officer, director,~~ employee or independent contractor.

“Improvement” means any idea, addition, modification or improvement to the (a) ~~the~~ goods or services offered or sold at a Center, (b) ~~the~~ method of operation of a Center, (c) ~~the~~ processes, systems or procedures utilized by a Center, (d) ~~the~~ marketing, advertising or promotional materials, programs or strategies utilized by a Center or (e) ~~the~~ trademarks, service marks, logos or other intellectual property utilized by a Center, whether developed by you, Franchisee, us or any other person.

“Intellectual Property” means, collectively or individually, the Business Data, Copyrighted Materials,

Improvements, Know-how, Marks and System.

“Know-how” means all of our trade secrets and other proprietary information relating to the design, construction, development, marketing or operation of a Center, including, but not limited to: architectural plans, drawings and specifications for a prototype Center; site selection criteria; curricula; instructional materials; methods and techniques; standards and specifications; policies and procedures; supplier lists and information; marketing strategies; merchandising strategies; financial information; and information comprising the System or included in the Manual.

“Manual” means our confidential brand standards manual for the operation of a Center.

“Marks” means and includes all service marks, trademarks, trade names and logos that we designate from time to time and authorize Centers to use, including “~~Best In Class Education Center~~” BEST IN CLASS EDUCATION CENTER<sup>®</sup> and the associated logo. The Marks also include any distinctive trade dress used to identify a Center.

“System” means the business format and operating system developed for the operation of a Center, the distinctive characteristics of which include: proprietary curriculum and educational materials; proprietary technology; trade secrets (if any); methods; techniques; procedures; and operating system.

2. ~~Background~~ BACKGROUND. You are an ~~officer, director,~~ employee or independent contractor of Franchisee. As a result of this association, you may gain knowledge of our System and Know-how. You understand that protecting the Intellectual Property is vital to our success and that of our franchisees and that you could seriously jeopardize our ~~entire~~ franchise system if you were to ~~unfairly compete with us. In order to misuse our Intellectual Property. To~~ avoid such damage, you agree to comply with the terms of this Agreement.

3. ~~Know-How and Intellectual Property~~ INTELLECTUAL PROPERTY & CONFIDENTIAL INFORMATION. You agree to:

- (i) ~~(a)~~ refrain from using the Intellectual Property or Confidential Information in any ~~capacity~~ business or for any purpose other than the operation of Franchisee’s Center;
- (ii) ~~(b)~~ maintain the confidentiality of ~~the Know-how and other~~ Confidential Information at all times;
- (iii) ~~take all reasonable steps we require to prevent unauthorized use or disclosure of Know-how or other Confidential Information;~~
- (iv) ~~(c)~~ refrain from making unauthorized copies of documents containing ~~any Know-how or other~~ Confidential Information; ~~and~~
- (v) ~~(d)~~ take all steps we reasonably require to prevent unauthorized use or disclosure of Confidential Information; and (e) immediately stop using the Intellectual Property and Confidential Information at such time that you are no longer an ~~officer, director,~~ employee or independent contractor of Franchisee.

3. You agree to assign to us or our designee, without charge, all rights to any Improvement developed by you, including the right to grant sublicenses. If applicable law precludes you from assigning ownership ~~of any Improvement~~ to us, then such Improvement shall be perpetually licensed by you to us free of charge, with full rights to use, commercialize and sublicense the same.

4. ~~Family Members. Because you~~ FAMILY MEMBERS. You could circumvent the ~~purpose~~ intent of this Agreement by disclosing ~~Know-how~~ Confidential Information to an immediate family ~~member~~ members (i.e., parent, sibling, child, or grandchild) and it would be difficult for us to prove ~~any such your~~ breach. For that reason you ~~will be~~ are presumed to have breached this Agreement if ~~a member of your~~ an immediate family ~~member~~ uses or disclosed the Know-how. However, you discloses Confidential Information. You may rebut this presumption with evidence conclusively showing you did not disclose ~~Know-how~~ Confidential Information to the family member.

5. ~~Covenants Reasonable. You acknowledge and agree that: (a) the terms of this Agreement are reasonable~~

~~both in time and in scope of geographic area; and (b) you have sufficient resources, business experience and opportunities to earn an adequate living while complying with the terms of this Agreement. YOU HEREBY WAIVE ANY RIGHT TO CHALLENGE THE TERMS OF THIS AGREEMENT AS BEING OVERLY BROAD, UNREASONABLE OR OTHERWISE UNENFORCEABLE.~~

**6.5. Breach**BREACH. You agree that: (a) any failure to comply with this Agreement is likely to cause substantial and irreparable damage to us and/or other franchisees for which there is no adequate remedy at law; and (b) we are entitled to injunctive relief if you breach this Agreement together with any other relief available at equity or law. We will notify you if we intend to seek injunctive relief, but we need not post a bond. If a court requires that we post a bond despite our mutual agreement to the contrary, the required bond amount ~~of the bond~~ may not exceed \$1,000. ~~If an injunction is wrongfully issued, you may seek dissolution of the injunction as your sole~~ No remedy. ~~You hereby waive all claims for damages resulting from a wrongfully issued injunction. None of the remedies~~ available to us under this Agreement are exclusive of any other, but may be combined with others under this Agreement, or at law or in equity, including injunctive relief, specific performance and recovery of monetary damages. ~~No claim held by you against us, our affiliate or Franchisee may be used as a defense against our enforcement of this Agreement.~~

**7.6. Miscellaneous**MISCELLANEOUS.

- (a) If we hire an attorney or file suit against you for breach of this Agreement and we prevail, you must reimburse us for our reasonable attorneys' fees and costs.
- (b) This Agreement will be governed by, ~~construed and enforced under~~ the laws of Washington ~~and the courts in that state shall have jurisdiction over any~~. Any legal proceedings arising out of this Agreement must be brought exclusively in a court of competent jurisdiction in King County, Washington.
- (c) Each section of this Agreement, ~~including each subsection~~ (and portion thereof,) is severable. If any section, ~~subsection~~ (or portion ~~of this Agreement~~ thereof) is unenforceable, it shall not affect the enforceability of any other section, ~~subsection~~ (or portion ~~The parties agree that the~~ thereof). A court may ~~impose such limitations on the terms~~ revise any provision of this Agreement ~~as it deems in its discretion~~ to the extent necessary to make ~~such terms~~ the provision enforceable.

This Confidentiality Agreement is executed as of the date set forth below.

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

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

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

**EXHIBIT "D"**

**TO DISCLOSURE DOCUMENT**

**AREA DEVELOPMENT AGREEMENT**

*[See Attached]*



# AREA DEVELOPMENT AGREEMENT

AREA DEVELOPER:

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DATE:

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### ATTACHMENTS

ATTACHMENT "A"

Deal Terms

## AREA DEVELOPMENT AGREEMENT

This Area Development Agreement (this “Agreement”) is entered into as of \_\_\_\_\_, 202\_\_ (the “Effective Date”) between BiC Franchise System Corporation, a Delaware corporation (“we” or “us”) and \_\_\_\_\_, a(n) \_\_\_\_\_ (“you”).

1. **DEFINITIONS.** Capitalized terms ~~used in this Agreement shall not defined above~~ have the meanings given to them below. ~~Any capitalized term used in this Agreement that is, or if not defined below shall have, the meaning~~meanings given to ~~such term~~them in the Initial Franchise Agreement ~~(as defined below).~~

~~“Acquisition” has the meaning given to such term in the Initial Franchise Agreement.~~

~~“Alternative Channels of Distribution” has the meaning given to such term in the Initial Franchise Agreement.~~

~~“Anti Terrorism Law” has the meaning given to such term in the Initial Franchise Agreement.~~

~~“Center” means any Best In Class Education Center that is authorized to operate under our Marks and use our System. A Center may refer to a Best In Class Education Center operated by us, our affiliate, you or another franchisee, as the context may require. It does not include a Satellite Office.~~

~~“Definitive Agreements” has the meaning given to such term in the Initial Franchise Agreement.~~

“Developer Entity” means ~~the~~an Entity that: (a) signs this Agreement as the area developer (~~i.e., “you”~~) if this Agreement is signed by an Entity~~;~~; or (b) assumes this Agreement subsequent to its execution by the original Owners.

“Development Business” means the business you conduct pursuant to this Agreement consisting of developing and opening Centers within the Development Territory.

“Development Schedule” means the schedule described in §4.1 and Part ~~DC~~DC of ATTACHMENT "A" for the development of the Centers within the Development Territory.

“Development Territory” means the geographic area described in Part ~~ED~~ED of ATTACHMENT "A".

“Dispute” means any Claim, dispute or disagreement between the parties, including any matter pertaining to: (a) the interpretation or enforcement of this Agreement; (b) the offer ~~and~~or sale of the area development rights; or (c) the relationship between the parties.

~~“Entity” has the meaning given to such term in the Initial Franchise Agreement.~~

~~“Equity Interest” has the meaning given to such term in the Initial Franchise Agreement.~~

~~“Force Majeure” has the meaning given to such term in the Initial Franchise Agreement.~~

“Franchise Agreement” means a Best In Class Education Center Franchise Agreement executed by us and you (or your affiliate) for the development and operation of a Center pursuant to this Agreement.

~~“Governmental Authority” has the meaning given to such term in the Initial Franchise Agreement.~~

~~“Government Official” has the meaning given to such term in the Initial Franchise Agreement.~~

“General Release” means our then-current form of Waiver and Release of Claims that you and your Owners must sign pursuant to §7.2 in connection with a Transfer.

“Initial Franchise Agreement” means the Franchise Agreement executed by you concurrently with the execution of this Agreement for the first Center to be established pursuant to this Agreement.

“Initial Franchise Fee” means the initial franchise fee you must pay for each Center to be developed under this Agreement as set forth in Part B of ATTACHMENT "A".

~~“Intellectual Property” has the meaning given to such term in the Initial Franchise Agreement.~~

~~“Law” has the meaning given to such term in the Initial Franchise Agreement.~~

~~“Managing Owner” has the meaning given to such term in the Initial Franchise Agreement.~~

“Owner” or “OwnersOwner” means a Person who meets any of the following criteria: (a) the Person

directly signs this Agreement as the area developer ~~(either alone or in conjunction with one or more other Persons);~~; (b) the Person directly or indirectly ~~(through one or more intermediaries)~~ owns any Equity Interest in the Development Business or Developer Entity ~~(if the area developer under this Agreement is an Entity);~~; (c) the Person directly signs a Franchise Agreement as the franchisee ~~(either alone or in conjunction with one or more other Persons);~~; and/or (d) the Person directly or indirectly ~~(through one or more intermediaries)~~ owns any Equity Interest in any affiliate of yours that executes a Franchise Agreement as authorized by §6.

“Permitted Transfer” means: ~~(a) a Transfer from one Owner to another Owner who was an approved Owner prior to such Transfer, other than a Transfer that results in the Managing Owner holding less than a 20% ownership interest in the area developer franchise;~~ (a) between existing Owners; or ~~the Developer Entity, as applicable;~~ and/or ~~(b) a Transfer by the Owners to a newly established~~ new Developer Entity for which such Owners collectively own and control 100% of the Equity Interests; provided, however, that a Permitted Transfer does not include any Transfer that results in the Managing Owner owning less than 20% of the Equity Interests in the Development Business or Developer Entity.

“Person” has the meaning given to such term in the Initial Franchise Agreement.

“Satellite Office” has the meaning given to such term in the Initial Franchise Agreement.

“Term” means the period of time beginning on the Effective Date of this Agreement and expiring on the earlier to occur of: (a) the date by which opening date listed in the Development Schedule for the last Center you are required to open ~~the last Center to be developed under the Development Schedule;~~ or (b) the date this Agreement is effectively terminated ~~for any reason.~~

“Transfer” means any direct or indirect, voluntary or involuntary ~~(including by judicial award, order or decree);~~ assignment, sale, conveyance, subdivision, sublicense or other transfer or disposition of:

- (a) this Agreement (or any interest therein);
- (b) the area development rights granted by this Agreement (or any interest therein);
- (c) the ~~business conducted by~~ Development Business you conduct pursuant to this Agreement (or any interest therein); or
- (d) an Equity Interest in the Development Business or Developer Entity ~~(including public and private offerings);~~

including by: merger or consolidation, ~~by~~ judicial award, order or decree; issuance of additional Equity Interests ~~in the Developer Entity, or by~~ (including public and private offerings); foreclosure of a security interest by a lender; or operation of Law, will or a trust upon ~~the~~ an Owner’s death ~~of an Owner of the Developer Entity~~ (including via the Laws of intestate succession).

2. **GRANT OF DEVELOPMENT RIGHTS.** Subject to the terms ~~and conditions~~ of this Agreement, we hereby grant you the right and obligation to develop, open and operate each of the Centers ~~referred~~ listed in the Development Schedule. ~~Each Center must be located within the Development Territory and at a specific site we approve in accordance with the terms of the applicable Franchise Agreement.~~ This Agreement does not grant you any rights or licenses to use our Intellectual Property.
3. **TERRITORIAL PROTECTIONS AND LIMITATIONS.** During the Term we will not develop or operate, or license a third party to develop or operate, a Center or Satellite Office that is ~~physically~~ located within the Development Territory other than: (a) any Center or Satellite Office that is operating, under development, or for which a franchise agreement or Satellite Office addendum has been executed, in each case as of the Effective Date, and that is (or will be) located within the Development Territory; and (b) any Center or Satellite Office otherwise permitted by this Section ~~in connection with Acquisitions.~~ At any time during the Term we reserve the right to engage in Acquisitions, ~~even if as a~~ that involve, or subsequently result ~~of an Acquisition one or more competitive businesses in,~~ conversion of the acquired or acquiring ~~company begin using our Intellectual Property (including our Marks) and~~ company’s outlets to BEST IN CLASS EDUCATION CENTER® outlets, even if those outlets are located within the Development Territory. We also reserve the right to sell, and license third parties to sell, competitive or

identical goods and services (including under the Marks) through Alternative Channels of Distribution, irrespective of whether the sales take place in the Development Territory.

#### 4. DEVELOPMENT OBLIGATIONS

4.1. **Development Schedule.** You must develop, open and operate all Centers ~~referred to~~ listed in the Development Schedule. Satellite Centers are not counted for purposes of determining your compliance with the Development Schedule. You must develop and open each Center in strict compliance with the opening dates set forth in the Development Schedule. We may, in our sole discretion, extend the time periods listed in the Development Schedule, but only if you demonstrate to our reasonable satisfaction you used best efforts in attempting to comply with your development obligations and the need for additional time is due to unforeseeable delays and not due to your neglect, misconduct or lack of funding. The opening date listed in the Development Schedule for a given Center may be earlier than the opening date required under the terms of the associated Franchise Agreement. In order to comply with the Development Schedule, you must open each Center by the opening date listed in the Development Schedule even if such date is earlier than the opening date required by the associated Franchise Agreement.

4.2. **Reasonableness of Development Schedule.** You represent that you: (a) have conducted your own independent investigation and analysis of the prospects for development of the Centers in the Development Territory; (b) approve the Development Schedule as being reasonable and viable; and (c) recognize that any breach of the Development Schedule is a material breach of this Agreement.

4.2.4.3. **Site Selection.** All Centers you develop pursuant to this Agreement must be located in the Development Territory. You must select a the specific site within the Development Territory for each Center in compliance with our then-current site selection criteria. Each We must approve the site you select is subject to our prior approval for each Center in accordance with the applicable Franchise Agreement.

4.3.4.4. **Franchise Agreements.** You must sign a separate Franchise Agreement for each Center. You must sign the Initial Franchise Agreement for your first (1<sup>st</sup>) Center at the time you sign this Agreement. We will not review or approve a proposed site until you sign the applicable associated Franchise Agreement for the proposed site. Each Franchise Agreement shall be our then-current form of ~~Best In-Class Education Center~~ Franchise Agreement, the terms of which may vary materially and substantially from the terms of the Initial Franchise Agreement. The development fee includes and is deemed to satisfy the Initial Franchise Fee imposed under each Franchise Agreement executed pursuant to this Agreement. You have no right to construct or operate a Center until the parties have signed the a Franchise Agreement and all ancillary agreements for that Center. You must develop, open and operate each Center in compliance with the Franchise Agreement and the Manual.

4.4.4.5. **Additional Locations Centers.** You may not develop any Center other than the Centers listed in the Development Schedule unless we, in our sole discretion, permit you to enter into a new area development agreement, which will be upon such terms that we specify, after you develop all Centers listed in the Development Schedule.

5. **DEVELOPMENT FEE.** At the time you sign this Agreement, you must pay us the development fee set forth in Part B of ATTACHMENT "A", which is calculated as the sum of the total aggregate Initial Franchise Fees for all Centers listed in the Development Schedule. The development fee is fully earned and nonrefundable upon execution of this Agreement.

6. **AREA-DEVELOPER-AS ENTITY.** You represent that Part A of ATTACHMENT "A" includes a complete and accurate list of your Owners. Upon ~~our~~ request, you must ~~provide~~ send us ~~with~~ a resolution of the Developer Entity authorizing the execution of this Agreement, a copy of ~~the Developer Entity's~~ sits organizational documents and a current Certificate of Good Standing ~~(or the functional equivalent thereof).~~ You may form a separate Entity to enter into each Franchise Agreement provided that: (a) the Person or Persons owning the Equity Interests (and the percentage of the Equity Interests owned) in each such Entity must be the same Person or Persons owning the Equity Interests (with the same percentage of the Equity

Interests owned) in the Developer Entity; and (b) each such Entity guarantees the performance of all other Entities formed under the authority of this §6. ~~All direct Each Owner, and indirect Owners the spouse of the Developer Entity and any Entity formed under this §6 and their spouses~~ each Owner who is a natural Person, must sign a Franchise Owner Agreement.

## 7. TRANSFERS

7.1. By Us. This Agreement is fully assignable by us (without prior notice to you) and shall inure to the benefit of any assignee(s) or other legal successor(s) to our interest in this Agreement, provided that we shall, subsequent to any such assignment, remain liable for the performance of our obligations under this Agreement up to the effective date of the assignment.

7.2. By You. The rights and duties created by this Agreement are personal to you and the Owners. We are granting you area development rights in reliance upon the character, skill, attitude, business ability and financial ~~capacity~~ resources of you and your Owners. ~~Therefore~~ Because this Agreement is a personal services contract, neither you nor any Owner may engage in a Transfer (other than a Permitted Transfer) without our prior ~~written~~ approval. Any Transfer (other than a Permitted Transfer) without our approval ~~shall be~~ void and ~~constitute~~ constitutes a breach of this Agreement. We will not unreasonably withhold our approval of a proposed Transfer if all of the following conditions are satisfied:

(a) we believe the proposed transferee has sufficient business experience, aptitude and financial resources to develop, own and operate all of the remaining Centers to be developed under this Agreement and meets our minimum criteria for area developer franchisees;

(b) you and your Owners and affiliates are in full compliance with all Definitive Agreements;

(c) the transferee's owners successfully complete, or make arrangements to attend, the initial training program;

~~any proposed Transfer if all of the following conditions are satisfied:~~

~~(i)(a) we believe the proposed transferee has sufficient business experience, aptitude and financial resources to develop, own and operate all of the remaining Centers to be developed under this Agreement and meets our minimum criteria for area developer franchisees;~~

~~(ii)(a) you and your Owners and affiliates are in full compliance with all Definitive Agreements;~~

~~(iii)(a) the transferee's owners successfully complete, or make arrangements to attend, the initial training program;~~

(iv)(d) the transferee and its owners sign our then-current form of area development agreement (unless we, in our sole discretion, instruct you to assign this Agreement to the transferee), except that: (a) the Term shall be the Term remaining under this Agreement; (b) the transferee need not pay a separate development fee; and (c) the Development Schedule and Development Territory shall be the same Development Schedule and Development Territory specified in this Agreement (modified to reflect the development obligations satisfied prior to the Transfer);

(v)(e) you assign all Franchise Agreements to the transferee in accordance with the transfer provisions under each such Franchise Agreement ~~(including payment of any transfer fee imposed under each such Franchise Agreement);~~

(vi)(f) you and your Owners sign a General Release ~~of all claims arising before or contemporaneously with the Transfer;~~

(g) we choose not to exercise our right of first refusal described in §7.5; and

~~(vii)(a) we choose not to exercise our right of first refusal described in §7.5; and~~

~~(viii)~~(h) you or the transferring Owner, as applicable, and the transferee satisfy ~~any~~all other conditions we reasonably require as a condition to our approval of the Transfer.

You may not: (a) transfer less than ~~your entire remaining area~~all development rights remaining under this Agreement (i.e., you may not retain the right to develop any Center); or (b) transfer your ~~area~~ development rights to multiple transferees. Our consent to a Transfer shall not constitute a waiver of any Claims we may have against the transferor, ~~nor shall it be deemed a waiver of~~ or our right to demand the transferee fully comply with all terms of the area development agreement.

7.3. **Permitted Transfers.** ~~You may engage in a Permitted Transfer without our prior approval, but you must: (a) give us at least 10 days' prior written notice; and (b) upon our request, cause any Entity that was the former Developer Entity immediately prior to the Permitted Transfer to sign a corporate guarantee in the format we require to secure performance of the new Developer Entity's financial obligations under all Definitive Agreements (if the Permitted Transfer results in a new Developer Entity). You and the Owners (and the transferee) agree to sign all documents we reasonably request to effectuate and document the Permitted Transfer.~~

~~this Agreement and all related agreements. You and the Owners (and the transferee) agree to sign all documents we reasonably request to effectuate and document the Permitted Transfer.~~

7.4. **Owner Death or Disability of an Owner.** ~~Within 180 days after the an Owner's death or permanent disability of an Owner, the Owner's ownership interest~~Equity Interest in you the Development Business or the franchise, as applicable, Developer Entity must be assigned ~~Transferred to another Owner or to a third party we approve. Any assignment to a third party will be subject to all terms and conditions of~~ Person in compliance with § 7.2, unless the assignment qualifies as a Permitted Transfer. For purposes of this Section, an or § 7.3. An Owner is deemed to have a "permanent disability" only if the Person he/she has a medical or mental problem that prevents the Person him/her from substantially complying with his- or -her obligations under this Agreement for a continuous period of at least three (3) months.

7.5. **Our Right of First Refusal.** ~~If you or an Owner desires~~wish to engage in a Transfer, you or the Owner, as applicable, must obtain (and send us) a bona-fide offer executed by the purchaser after completion of due diligence. We have 30 days after receipt of the offer to decide whether to purchase the interest for the same price and upon the same terms contained in the offer (however, except we may substitute cash for any non-cash form of payment proposed in the offer). If we notify you within the 30-day period that we intend to purchase the interest, you or the Owner, as applicable, must sell the interest to us. We will have an additional 3060 days to prepare for closing. We will be entitled to receive from you You or the Owner, as applicable, must provide us with all customary representations and warranties given by you (as regarding the seller ~~title to and condition of the assets) or Equity Interest that we purchase, or the Owner (as the seller of the ownership interest) or, at our election~~ option, the representations and warranties contained in the offer. If we do not exercise our right of first refusal, you or the Owner, as applicable, may complete the Transfer to the purchaser pursuant to the terms of the offer, subject to the requirements of § 7.2 (including our approval of the transferee). However, if If the sale is not completed within 120 days after delivery of we receive the offer to us, or there is a material change to the terms of sale, we will again have the right of first refusal specified in this Section. Our right of first refusal shall not apply to a Permitted Transfer.

## ~~8. —~~ TERMINATION ~~TERMINATION OF DEVELOPMENT RIGHTS~~

8.1. **Reasonableness.** ~~You represent that you: (a) have conducted your own independent investigation and analysis of the prospects for the establishment of the Centers within the Development Territory; (b) approve the Development Schedule as being reasonable and viable; and (c) recognize that any failure to comply with the Development Schedule constitutes a material breach of this Agreement.~~

8.2. **Termination of Development Rights.** ~~IF YOU FAIL TO COMPLY WITH ANY TERM OF THIS AGREEMENT, WE~~

8.1. By Us. We may terminate this Agreement, effective ~~30 days after giving you written~~ upon delivery of a notice of ~~the default, unless you fully cure the default within such 30 day period. Any such termination will end,~~ for any of the following reasons, all of which constitute material events of default and “good cause” for termination, and without opportunity to cure except for any cure period expressly set forth below:

- (a) if we terminate any Definitive Agreement due to a default committed by you or one of your Owners or affiliates; or
- (b) if you (or an Owner) breach any provision of this Agreement and fail to cure within 30 days after receipt of a default notice.

8.2. By Mutual Agreement. If you and we mutually agree in writing to terminate this Agreement, any notice or cure period that might otherwise apply shall be deemed waived.

9. EFFECT OF TERMINATION. Termination of this Agreement ends all your rights and development obligations under this Agreement, including ~~WITHOUT LIMITATION, your interests in the Development Territory and right to OPEN ADDITIONAL CENTERS~~ sign new Franchise Agreements or open new Centers. We will not refund any portion of the development fee.

~~8.3. Cross Default.~~ Our termination of a Franchise Agreement due to your default constitutes a default under this Agreement permitting us to terminate this Agreement immediately upon notice to you.

9.10. DISPUTE RESOLUTION. Any Dispute between the parties relating to this Agreement shall be resolved pursuant to the dispute resolution provisions in the Initial Franchise Agreement. All such dispute resolution provisions are incorporated herein by reference as if fully set forth in this Agreement.

#### 10-11. REPRESENTATIONS.

10.1.11.1. Corporate Representations. You and your Owners jointly and severally represent and warrant to us that the execution and delivery of this Agreement, and the performance of your obligations hereunder, does not: (a) conflict with, breach or constitute a default under any ~~other~~ agreement to which you are (or any affiliate of yours is) a party or by which your (or your affiliate’s) assets ~~may be~~ are bound; (b) violate any order, ~~writ,~~ injunction, decree, judgment or ruling of ~~any~~ Governmental Authority; or (c) violate any applicable Law. If the developer is an Entity, then you and your Owners also jointly and severally represent and warrant to us that: (a) the Developer Entity is duly organized, validly existing and in good standing under the Laws of the state of its formation and has the requisite power and authority to enter into this Agreement and to perform ~~each of its~~ obligations hereunder; and (b) the execution and delivery of this Agreement have been duly authorized by all requisite corporate action and this Agreement ~~shall constitute~~ constitutes the legal, valid and binding obligation of ~~the Developer Entity,~~ and ~~shall be~~ is enforceable against, the Developer Entity in accordance with its terms.

10.2.11.2. General Representations. You and your Owners jointly and severally represent and warrant to us that: (a) other area developers may operate under different forms of agreement and our obligations and rights with respect to area developers differs materially in certain circumstances; and (b) we may negotiate terms or offer concessions to other area developers and we have no obligation to offer you the same or similar negotiated terms or concessions.

10.3.11.3. Anti-Terrorism Compliance. You and your Owners jointly and severally represent and warrant to us that, to the best of your knowledge: (a) no property or interest owned by you or any Owner is subject to being “blocked” under any Anti-Terrorism Law; (b) neither you nor any Owner, nor any of their respective funding sources (including any legal or beneficial owner of ~~any~~ an Equity Interest in ~~you~~ the Development Business or Developer Entity) or related parties is, or has ever been: (i) a terrorist or suspected terrorist within the meaning of the Anti-Terrorism Law; or (ii) identified by name ~~(or, alias, pseudonym or, nickname)~~ or address on any Terrorist List, including ~~on~~ the list of “Specially Designated Nationals” or “Blocked Persons” maintained by the U.S. Treasury Department’s Office of Foreign Assets Control (texts currently available at

www.home.treasury.gov); and (c) you and the Owners are in compliance ~~with, and shall~~ will continue to comply, with, the Anti-Terrorism Law and all other U.S. Laws ~~(either currently in effect, or enacted in the future)~~ ~~prohibiting~~, that prohibit corrupt business practices, money laundering or the aid or support of Persons who conspire to commit acts of terror against any Person or government ~~that are in effect within the United States of America~~. The foregoing representations and warranties are 'continuing' representations and warranties for the duration of the franchise relationship. Accordingly, you ~~agree to notify us~~ must immediately ~~in writing~~ notify us of the occurrence of ~~any~~ an event or ~~the~~ development of ~~any~~ a circumstance that might render any of the foregoing representations and warranties false, inaccurate or misleading.

## **11.12. GENERAL PROVISIONS**

**11.1.12.1. Governing Law.** This Agreement and the franchise relationship ~~shall be~~ are governed by the ~~laws of the State~~ Laws of Washington ~~(without reference to its principles of conflicts of law)~~, but any ~~law of the State of~~ Washington Law that regulates the offer and sale of franchises or business opportunities or governs the relationship of a franchisor and its franchisee will not apply unless its jurisdictional requirements are met independently without reference to this Section.

**11.2.12.2. Severability.** Each section ~~and subsection~~ of this Agreement ~~-(and any portion thereof, shall be considered)~~ is severable.

**12.3. Waivers.** Each party may waive any obligation imposed on the other party in writing. ~~Waivers.~~ ~~Each party may waive any obligation imposed on the other party in writing.~~ Neither party shall be deemed to have waived or impaired any of its contractual rights under this Agreement ~~(, including the right to require strict compliance with all terms of this Agreement or terminate this Agreement due to the other party's failure to comply with such terms)~~, by virtue of: (a) any custom or practice of the parties at variance with the terms of this Agreement; (b) any failure, refusal or neglect by ~~either~~ a party to exercise any right under this Agreement or require the other party to strictly comply with its obligations under this Agreement; (c) our waiver, failure or refusal to exercise any of our rights with respect to other ~~area~~ developers; or (d) our acceptance of ~~payments~~ payment from you after your breach.

**12.4. Approvals.** Whenever this Agreement requires our approval, you must make a timely written request for approval. Our approval must be in writing in order to bind us. Except as otherwise expressly provided in this Agreement, if we fail to approve any request for approval within the required period of time, we shall be deemed to have disapproved your request

**11.4.12.5. Force Majeure.** Neither party shall be liable for loss or damage or deemed ~~to be~~ in breach of this Agreement if such party's failure to perform its obligations results from an event of Force Majeure; *provided, however,* that an event of Force Majeure shall not excuse or permit any failure to perform for more than 180 days. If the period of non-performance exceeds 180 days from receipt of notice of the Force Majeure event, the party whose ability to perform has not been affected may immediately terminate this Agreement by giving ~~written~~ notice of termination to the other party.

**11.5.12.6. Binding Effect.** This Agreement is binding on the parties hereto and their respective executors, administrators, heirs, assigns and successors in interest. Nothing in this Agreement is intended, nor shall be deemed, to confer any rights or remedies upon any Person not a party to this Agreement.

**11.6.12.7. Integration.** THIS AGREEMENT CONSTITUTES THE ENTIRE AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CHANGED EXCEPT BY A WRITTEN DOCUMENT SIGNED BY BOTH PARTIES. Any email or ~~other~~ informal electronic communication shall not be deemed to modify this Agreement unless it is signed by both parties and specifically states it is intended to modify this Agreement. The attachment(s) are part of this Agreement, which, together with any Amendments or Addenda executed on or after the Effective Date, constitutes the entire understanding and agreement of the parties, ~~and there~~. There are no other oral or written understandings or agreements between ~~us and you~~ the parties about the subject matter

of this Agreement. Any representations not specifically contained in this Agreement made before entering into this Agreement do not survive after the signing of this Agreement. Nothing in this Agreement is intended to disclaim any of the representations we made in the Franchise Disclosure Document. 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 (a) waiving any claims under any applicable state franchise law, including fraud in the inducement or (b) 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.

- 11.7.12.8. Covenant of Good Faith.** If applicable Law implies into this Agreement a covenant of good faith and fair dealing, the covenant shall not imply any rights or obligations ~~that are inconsistent with the express terms of this Agreement~~ hereof. This Agreement ~~(, and the relationship of the parties inherent in this Agreement)~~, grants us discretion to make decisions, take actions and/or refrain from taking actions not inconsistent with our explicit rights and obligations under this Agreement that may favorably or adversely affect your interests. We will use our judgment in exercising the discretion based on our assessment of our own interests and balancing those interests against the interests of our franchisees ~~(including ourselves and our affiliates if applicable)~~, but without considering the individual interests of you or any other ~~particular~~ franchisee.
- 11.8.12.9. Rights of Parties are Cumulative.** The rights of the parties under this Agreement are cumulative and no exercise or enforcement by either party of any right or remedy under this Agreement will preclude any other right or remedy available under this Agreement or by ~~law~~ Law.
- 11.9.12.10. Survival.** All provisions that expressly or by their nature survive the termination, expiration or Transfer of this Agreement ~~(, or the Transfer of an ownership interest~~ Equity Interest in the ~~business~~ Development Business or Developer Entity), shall continue in full force and effect subsequent to and notwithstanding its termination, expiration or Transfer and until they are satisfied in full or by their nature expire.
- 11.10.12.11. Construction.** The headings in this Agreement are for convenience only and do not define, limit or construe the contents of the sections or subsections. All references to Sections refer to the Sections contained in this Agreement unless otherwise specified. All references to days in this Agreement refer to calendar days unless otherwise specified. The term “you” as used in this Agreement is applicable to one or more Persons, and the singular usage includes the plural and the masculine and neuter usages include the other and the feminine and the possessive.
- 11.11.12.12. Time of Essence.** Time is of the essence in this Agreement and every term thereof.
- 11.12.12.13. Notice Notices.** All notices and notifications given under this Agreement must be in writing and must be provided in accordance with the Notice Provision of the Initial Franchise Agreement.
- 11.13.12.14. Counterparts.** This Agreement may be signed in multiple counterparts, each of which shall be deemed an original and all of which together shall constitute but one and the same document.

\* \* \*

The parties ~~to this Agreement~~below have executed this Agreement effective as of the Effective Date first above written.

**FRANCHISOR:**

BiC Franchise System Corporation, a Delaware corporation

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

**YOU (If you are an Entity):**

\_\_\_\_\_,  
a(n) \_\_\_\_\_  
By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**YOU (If you are not an Entity):**

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

**ATTACHMENT "A"**  
**TO AREA DEVELOPMENT AGREEMENT**  
**DEAL TERMS**

**A. Area Developer Details-**

Name of area developer: [ \_\_\_\_\_ ]

Is the area developer one or more natural ~~persons~~Persons signing in their individual capacity? Yes: \_\_\_\_\_  
 No: \_\_\_\_\_

Type of Entity and State of Formation\* (if applicable): [ \_\_\_\_\_ ]

*\* If the area developer is a business Entity, each ~~natural person~~Person holding a direct or indirect ~~ownership interest~~Equity Interest in the ~~business~~Developer Entity, and spouse of each such ~~person~~Person who is a natural Person, must sign a Franchise Owner Agreement concurrently with the execution of this Agreement.*

The following table includes the full name of each ~~natural person~~Person holding a direct or indirect ~~ownership interest~~Equity Interest in the ~~area developer franchise~~ (Development Business or ~~the area developer business~~Developer Entity ~~if, as applicable~~), along with a description of their ~~ownership interest~~Equity Interest.

Owner's Name	% <del>Ownership</del> <u>Equity</u> Interest	Direct or Indirect (if indirect, describe nature of interest)

Notice \_\_\_\_\_ Address:

[ \_\_\_\_\_ ]

\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
Attention:  
Email:

**B. Fees-**

- The Initial Franchise Fee shall be: (a) \$45,000 for the first Center to be developed pursuant to this Agreement; (b) \$40,000 for the second Center to be developed pursuant to this Agreement; and (c) \$35,000 per Center for each additional Center to be developed pursuant to this Agreement.
- The development fee shall be \$ \_\_\_\_\_.

**C. ~~Development Territory~~ Schedule**

~~The Development Territory shall include the following geographic area:~~

~~\_\_\_\_\_~~

~~If the boundaries that define the Development Territory change during the term, the boundaries of your Development Territory will remain unaffected and will continue to be defined by the boundaries that were in effect as of the Effective Date.~~

**D. Development Schedule.**

You ~~agree to~~must comply with the following minimum development obligations as specified in §4 of the Agreement:

<b>DEVELOPMENT PERIOD ENDING*</b>	<b>NUMBER OF CENTERS OPENED DURING DEVELOPMENT PERIOD</b>	<b>CUMULATIVE NUMBER OF CENTERS OPENED AND IN OPERATION</b>
1 year after Effective Date		
2 years after Effective Date		
3 years after Effective Date		
4 years after Effective Date		
5 years after Effective Date		
6 years after Effective Date		
7 years after Effective Date		
8 years after Effective Date		
9 years after Effective Date		
10 years after Effective Date		
Total Number of Centers to be Developed: [ _____ ]		

\* The required opening date for a given Center is the last day of the Development Period in which the Center must open.

**D. Development Territory**

The Development Territory consists of, and shall be limited to, the following geographic area, as may be further depicted on a map attached below or on the following page:

~~\_\_\_\_\_~~

If the boundaries that define the Development Territory change during the

Term, the boundaries of your Development Territory will remain unaffected and will continue to be defined by the boundaries that were in effect as of the Effective Date (as may be depicted on a map attached below or on the following page).

*[Insert Map (if applicable)]*

**EXHIBIT "E"**

**TO DISCLOSURE DOCUMENT**

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*[See Attached]*

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**EXHIBIT "F"**  
**TO DISCLOSURE DOCUMENT**  
**LIST OF FRANCHISEES**

**Part A (Current Franchisees)**

The following table lists franchisees that were open as of December 31, ~~2023~~2024.

<b>FRANCHISEES OPEN AS OF DECEMBER 31, <del>2023</del>2024</b>				
<b>State</b>	<b>City</b>	<b>Address</b>	<b>Phone</b>	<b>Owner Name(s)</b>
<del>California</del>	<del>Anaheim Hills</del>	<del>160 S Old Springs Rd, Ste 115</del>	<del>714-912-4148</del>	<del>Olga Jelly</del>
<del>California</del>	<del>Cupertino</del>	<del>20432 Silverado Ave, #215</del>	<del>408-253-3980</del>	<del>Sangeetha Padman</del>
California	Dublin	<del>To Be Determined</del> Operating remotely	925-226-8848	Monika Sharma
California	Elk Grove	7811 Laguna Blvd, Ste. 165	916-525-7274	Jenny Tran
<del>California</del>	<del>Los Angeles</del>	<del>Operating remotely</del>	<del>323-461-1512</del>	<del>Thi Thi Ma</del>
California	Pleasanton	<del>To Be Determined</del> Operating remotely	925-587-9449	Shwetal J Jakate
<del>California</del>	<del>San Diego</del>	<del>12234 Poway Road, Ste. 204</del>	<del>858-866-6446</del>	<del>Manoj Jaiswal</del>
California	San Francisco	780 Broadway	415-333-9168	Kevin Lee
California	San Francisco	4451 Mission St, Ste. 101	415-333-9168	Yan Fang Chen
California	San Jose	1701 Lundy Ave, Ste. 201	408-441-8462	Yau Chor Yeung
California	Sunnyvale	<del>704-744-724</del> South Wolfe Rd	(669) 257-0505	Rahul Jain
<del>California**</del>	<del>San Diego</del>	<del>10710 Thornmint Rd, Ste 201</del>	<del>(858)-866-6446</del>	<del>Manoj Jaiswal</del>
<del>California</del>	<del>San Jose</del>	<del>(operating remotely)</del>	<del>(408)-622-8186</del>	<del>Pik Shan Fung</del>
California	Palo Alto	490 California Ave, Ste 100	(650) 272-6581	Shan Zhao
Florida	Brandon	1221 Kingsway Rd	813-713-9874	Rajitha Nidadavolu
Florida <del>***</del>	Land O'Lakes	Operating remotely	813-406-4220	Rajitha Nidadavolu
Florida	Tampa	10323 Cross Creek Blvd, Ste C	813-406-4220	Rajitha Nidadavolu
Georgia	Milton	13920 Hwy 9 N, Ste 110	(678) 332-2100	Chris Ruttle
Georgia	Johns Creek	3875 Johns Creek Pkwy, Ste D	(678) 332-2100	Chris Ruttle
Maryland	Ellicott City	3570 St Johns Ln	410-988-2545	Aarti Bhargava
Nevada	Reno	10855 Double R Blvd, Ste B2	775-229-8255	Priya Mani
<del>New Jersey</del>	<del>Moorestown</del>	<del>714 E Main St, Ste 1A</del>	<del>856-924-6063</del>	<del>Ruchika Arora</del>
<del>New Jersey</del>	<del>South Orange</del>	<del>71 Valley Street, Ste 200</del>	<del>973-327-9775</del>	<del>Alissa Gardenhire</del>
New Jersey	West Windsor	64 Princeton Hightstown Rd, Ste 6	609-799-0050	Sehr Fatima
Ohio	Mason	5412 Cedar Village Dr.	513-445-9876	Lakshmi Vytla
Ohio	Mayfield Heights	<del>5869 Mayfield Rd</del> Operating remotely	440-459-2197	Daniel Akben
Ohio	Solon	34186 Aurora Rd	440-459-2197	Daniel Akben
Texas	Allen	Operating remotely	972-656-9242	Su Subramanian
Texas	Bee Cave	12400 State Hwy 71 W, Ste. 505	737-484-1370	Susan Salazar
Texas	Cedar Park	12160 W Parmer Lane, Ste 100	512-375-3245	Madhumati Junnare
Texas	Cypress	12706 Grant Rd	346-704-0547	Veronica Reyna
Texas	Cypress	7955 Barker Cypress Rd	832-409-1031	Veronica Reyna
<del>Texas</del>	<del>Friseo</del>	<del>615 Main St</del>	<del>972-656-9242</del>	<del>Su Subramanian</del>
Texas	Katy	4950 Katy Gaston Rd.	832-437-2316	Ira Giri

**FRANCHISEES OPEN AS OF DECEMBER 31, 2023**2024

State	City	Address	Phone	Owner Name(s)
Texas	McKinney	1800 South Independence Pkwy, Ste. 130	972-656-9242	Su Subramanian
Texas	Plano	141 W Spring Creek Pkwy, Ste. 433	469-847-0238	<del>Honghong</del> <u>Hong</u> <u>Hong</u> Ma
Texas	Richmond	18440 W Airport Blvd	908-500-3954	Ira Giri
Texas	Spring	375 Sawdust Rd	832-422-9398	Veronica Reyna
<u>Washington</u>	<u>Bellevue</u>	<u>13219 NE 20th St, Ste 203</u>	<u>425-453-9532</u>	<u>Paige Wilson</u>
Washington	Bothell	20806 Bothell-Everett Hwy, Ste. 101	425-368-3069	Surendra Mohan
Washington	Issaquah	1505 NW Gilman Blvd, Ste. 6	425-272-1328	Cambridge Liu
Washington <del>***</del>	Issaquah	2550 NE Park Dr.	425-272-1328	Cambridge Liu
Washington	Redmond	16981 Redmond Way	425 900-1545	Sanjeev Gupta
Washington <del>***</del>	Redmond	10735 Cedar Park Crescent NE	425-292-1838	Sanjeev Gupta
Washington <del>***</del>	Sammamish	<del>825</del> <u>120</u> 228th Ave. NE	425- <del>880-</del> <del>3788</del> <u>272-1328</u>	Cambridge Liu

~~\*\*\*~~ These outlets are “satellite locations” as described in Item 20 of the Disclosure Document.

\*\* These franchisees are also area developers that committed to open multiple franchised businesses under the terms of an area development agreement.

~~\*\*\*~~ These outlets are “satellite locations” as described in Item 20 of the Disclosure Document.

The following table lists franchisees with signed franchise agreements that were not open as of December 31, ~~2023~~2024.

**FRANCHISEES NOT OPEN AS OF DECEMBER 31, 2023**2024

State	City	Address	Phone	Owner Name(s)
Texas	Frisco	6787 York Castle Ct Frisco, Texas 75035	469-440-9623	Manjula Vedala
<u>Washington</u>	<u>Mill Creek</u>	<u>4008 133rd St SE</u>	<u>425-332-3956</u>	<u>Surandra Mohan</u>

\* These franchisees are also area developers that have committed to open multiple franchised businesses under the terms of an area development agreement.

**Part B (Former Franchisees Who Left System During Prior Fiscal Year)**

State	City	Current Business Phone or Last Known Home Phone	Owner Name(s)
California	<del>Anaheim Hills</del> <u>Fremont</u>	<del>714-912-4148</del> <u>(510) 468-0436</u>	<del>Olga Jolly</del> <u>Hong Chau</u>
California	<del>Orange</del> <u>Anaheim Hill</u>	<del>(310) 210-4030</del> <u>714-912-4148</u>	<del>Vanita Aggarwal</del> <u>Olga Jolly</u>
<del>Florida</del> <u>California</u>	<del>Upland</del> <u>Land O' Lakes</u>	<del>(813) 454-7852</del> <u>408-768-1335</u>	<del>Sangeetha Padman</del> <u>Nirjhar Shah</u>
<del>Florida</del> <u>California</u>	<del>Los Angeles</del> <u>Tampa</u>	<del>323-461-1512</del> <u>(813) 454-7852</u>	<del>Nirjhar Shah</del> <u>Thi Thi Ma</u>
<del>Ohio</del> <u>California</u>	<del>San Diego</del> <u>Mayfield Heights</u>	<del>858-866-6446</del> <u>(330) 641-0115</u>	<del>Manoj Jaiswal</del> <u>Haishan Peiris</u>
<del>Ohio</del> <u>California</u>	<del>San Jose</del> <u>Solon</u>	<del>(330) 641-0115</del> <u>408-622-8186</u>	<del>Pik Shan Fung</del> <u>Haishan Peiris</u>
<del>Oregon</del> <u>New Jersey</u>	<del>Beaverton</del> <u>Moorestown</u>	<del>(503) 878-8867</del> <u>856-924-6063</u>	<del>Karnika Jhaveri</del> <u>Ruchika Arora</u>
<del>Texas</del> <u>New Jersey</u>	<del>Houston</del> <u>South Orange</u>	<del>(832) 672-4322</del> <u>973-327-9775</u>	<del>Carole Said</del> <u>Alissa Gardenhire</u>
Texas	<del>Round Rock</del> <u>Cedar Park</u>	<del>(512) 520-2521</del> <u>496-6914</u>	<del>Samatha Burla</del> <u>Madhumati Junnare</u>
Texas	Spring	<del>(214) 718-2505</del>	<del>Yemmi Lemma</del>

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

**EXHIBIT "G"**  
**TO DISCLOSURE DOCUMENT**  
**FINANCIAL STATEMENTS**

[See Attached]

**EXHIBIT "G"-1**

**TO DISCLOSURE DOCUMENT**

**INTERIM UNAUDITED FINANCIAL STATEMENTS**

THESE FINANCIAL STATEMENTS ARE PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED HIS/HER OPINION WITH REGARD TO THE CONTENT OR FORM.

# BiC Franchise System Corporation

Balance Sheet  
As of March 31, 2024

	TOTAL
<b>ASSETS</b>	
Current Assets	
Bank Accounts	\$57,611.77
Accounts Receivable	\$23,991.25
Other Current Assets	\$0.00
<b>Total Current Assets</b>	<b>\$81,603.02</b>
Other Assets	\$8,668.00
<b>TOTAL ASSETS</b>	<b>\$90,271.02</b>
<b>LIABILITIES AND EQUITY</b>	
Liabilities	
Current Liabilities	\$10,903.02
<b>Total Liabilities</b>	<b>\$10,903.02</b>
Equity	
Owner's Equity	100,000.00
Retained Earnings	-21,270.54
Net Income	638.54
<b>Total Equity</b>	<b>\$79,368.00</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$90,271.02</b>

Balance Sheet  
 BiC Franchise System Corporation  
 As of March 31, 2025

DISTRIBUTION ACCOUNT	TOTAL
<b>Assets</b>	
Current Assets	
Bank Accounts	\$8,431.55
Accounts Receivable	
Accounts receivable (A/R)	36,588.00
<b>Total for Accounts Receivable</b>	<b>\$36,588.00</b>
Other Current Assets	
Undeposited Funds	
<b>Total for Other Current Assets</b>	<b>0</b>
<b>Total for Current Assets</b>	<b>\$45,019.55</b>
Fixed Assets	
Other Assets	
Deferred Tax Asset	5,015.00
Security deposits	2,548.00
<b>Total for Other Assets</b>	<b>\$7,563.00</b>
<b>Total for Assets</b>	<b>\$52,582.55</b>
<b>Liabilities and Equity</b>	
Liabilities	
Current Liabilities	
Accounts Payable	
Accounts Payable (A/P)	10,495.00
<b>Total for Accounts Payable</b>	<b>\$10,495.00</b>
Credit Cards	
Other Current Liabilities	
Deferred Revenue - Current	6,269.00
Due to related parties	-\$17,848.08
Income Tax Payable	318.00
Payables	0
Brand Development Fee Payable	753.72
Curriculum License Fee	922.54
Remote Learning Platform License Fee	6,319.00
Technology Fee	1,550.00
<b>Total for Payables</b>	<b>\$9,545.26</b>
<b>Total for Other Current Liabilities</b>	<b>-\$1,715.82</b>
<b>Total for Current Liabilities</b>	<b>\$8,779.18</b>
Long-term Liabilities	
Deferred Revenue	17,462.00
<b>Total for Long-term Liabilities</b>	<b>\$17,462.00</b>
<b>Total for Liabilities</b>	<b>\$26,241.18</b>
Equity	
Retained Earnings	-12,042.26
Net Income	-61,616.37
<b>Owner's Equity</b>	<b>\$100,000.00</b>

Accrual Basis Tuesday, May 27, 2025 11:23 PM GMTZ

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# BiC Franchise System Corporation

Profit and Loss  
January - March, 2024

	TOTAL
Income	
Royalty Income	36,015.12
<b>Total Income</b>	<b>\$36,015.12</b>
<b>GROSS PROFIT</b>	<b>\$36,015.12</b>
Expenses	
Advertising & Marketing	807.87
General Business Expenses	
Business Licenses & Permits	2,478.08
Conference & Event Fees	1,895.00
Memberships & Subscriptions	9,250.85
Office Expenses	-0.64
Overhead Expense Reimbursement	6,225.99
Professional Development	4,750.00
<b>Total General Business Expenses</b>	<b>24,599.28</b>
Legal & professional services	
Accounting fees	2,250.00
Legal Fees	4,890.00
<b>Total Legal &amp; professional services</b>	<b>7,140.00</b>
Travel	
Airfare	985.11
Hotel & Lodging	1,603.76
Meals & Entertainment	79.61
Vehicle Rental & Ride Share	160.95
<b>Total Travel</b>	<b>2,829.43</b>
<b>Total Expenses</b>	<b>\$35,376.58</b>
<b>NET OPERATING INCOME</b>	<b>\$638.54</b>
<b>NET INCOME</b>	<b>\$638.54</b>

Accrual Basis Monday, May 6, 2024 03:23 PM GMT-07:00

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**Balance Sheet**  
**BiC Franchise System Corporation**  
As of March 31, 2025

DISTRIBUTION ACCOUNT	TOTAL
<b>Total for Equity</b>	<b>\$26,341.37</b>
<b>Total for Liabilities and Equity</b>	<b>\$52,582.55</b>

**Profit and Loss**  
**BiC Franchise System Corporation**  
January 1-March 31, 2025

DISTRIBUTION ACCOUNT	TOTAL
<b>Income</b>	
Renewal Fee	7,500.00
Royalty Income	57,176.67
<b>Total for Income</b>	<b>\$64,676.67</b>
<b>Cost of Goods Sold</b>	
<b>Gross Profit</b>	<b>\$64,676.67</b>
<b>Expenses</b>	
Advertising & Marketing	21,131.67
Commissions & fees	2,000.00
General Business Expenses	0
Bank Fees & Service Charges	3.99
Computer & Internet	5,053.95
Conference & Event Fees	7,760.00
Meals & Entertainment	1,098.65
Memberships & Subscriptions	23,438.15
Office Expenses	1,384.16
Office Supplies	41.09
Overhead Expense Reimbursement	27,709.23
<b>Total for General Business Expenses</b>	<b>\$66,489.22</b>
Legal & professional services	0
Legal Fees	3,000.00
<b>Total for Legal &amp; professional services</b>	<b>\$3,000.00</b>
Outside Service	23,122.28
Travel	0
Airfare	2,075.11
Hotel & Lodging	3,802.91
Meals & Entertainment	3,045.25
Parking & Other Miscellaneous	403.12
Vehicle Rental & Ride Share	1,223.48
<b>Total for Travel</b>	<b>\$10,549.87</b>
<b>Total for Expenses</b>	<b>\$126,293.04</b>
<b>Net Operating Income</b>	<b>-\$61,616.37</b>
<b>Other Income</b>	
Other Expenses	0
<b>Net Other Income</b>	<b>0</b>
<b>Net Income</b>	<b>-\$61,616.37</b>

**EXHIBIT "G"-2**  
**TO DISCLOSURE DOCUMENT**  
**AUDITED FINANCIAL STATEMENTS**

**BIC Franchise System Corporation**

**Independent Auditor's Report  
And Financial Statements  
Year Ended December 31, 2024 and Period from February 10, 2023 to  
December 31, 2023**

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**Metwally CPA PLLC**

**CERTIFIED PUBLIC ACCOUNTANT**

2901 Corporate Cir, Flower Mound, Texas 75028

Cell: 214-200-5434 (Mohamed Metwally) [Mmetwally@metwallycpa.com](mailto:Mmetwally@metwallycpa.com)

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**Independent Auditor's Report**

To the Stockholders of  
BIC Franchise System Corporation

**Opinion**

We have audited the accompanying financial statements of BIC Franchise System Corporation (the Company), which comprise the balance sheets as of December 31, 2024 and 2023 and the related statements of operations, stockholders' equity, and cash flows for the year ended December 31, 2024 and the period from February 10, 2023 to December 31, 2023 and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of BIC Franchise System Corporation as of December 31, 2024 and 2023, and the results of its operations and its cash flows for the year ended December 31, 2024 and the period from February 10, 2023 to December 31, 2023 in accordance with accounting principles generally accepted in the United States of America.

**Basis for Opinion**

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

**Emphasis of Matter**

As discussed in note 5 to the financial statements, the Company has extensive transactions and relationships with its affiliates. Accordingly, the accompanying financial statements may not be indicative of the results of operations that would have been achieved if the Company had operated without such affiliations. Our opinion is not modified with respect to this matter.

**Responsibilities of Management for the Financial Statements**

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

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

**Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting

from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of BIC Franchise System Corporation'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 BIC Franchise System Corporation's ability to continue as a going concern for a reasonable period of time.

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

*Metwally CPA PLLC*

Metwally CPA PLLC  
Flower Mound, Texas  
May 27, 2025

**BIC Franchise System Corporation**  
**Balance Sheets**  
**December 31, 2024 and 2023**

	<b>2024</b>	<b>2023</b>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 4,056	\$ 58,720
Accounts receivable	84,744	18,219
Due from related parties	38,885	-
Other assets	2,548	-
<b>Total Current Assets</b>	<b>130,233</b>	<b>76,939</b>
<b>Non-Current Assets</b>		
Deferred income taxes	3,539	8,668
<b>Total Non-Current Assets</b>	<b>3,539</b>	<b>8,668</b>
<b>Total Assets</b>	<b>\$ 133,772</b>	<b>\$ 85,607</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities	\$ 10,813	\$ 6,878
Due to related parties	12,747	-
Deferred revenue, current portion	6,269	-
<b>Total Current Liabilities</b>	<b>29,829</b>	<b>6,878</b>
<b>Long-Term Liabilities</b>		
Deferred revenue, net of current portion	17,462	-
<b>Total Long-Term Liabilities</b>	<b>17,462</b>	<b>-</b>
<b>Total Liabilities</b>	<b>47,291</b>	<b>6,878</b>
<b>Stockholders' Equity</b>		
Common stock with par value 0.01 per share 10,000,000 shares authorized, none issued or outstanding		
Additional paid-in capital	100,000	100,000
Accumulated deficit	(13,519)	(21,271)
<b>Total Stockholders' Equity</b>	<b>86,481</b>	<b>78,729</b>
<b>Total Liabilities and Stockholders' Equity</b>	<b>\$ 133,772</b>	<b>\$ 85,607</b>

*The accompanying notes are an integral part of the financial statements.*

**BIC Franchise System Corporation**  
**Statements of Operations**  
**Year Ended December 31, 2024 and Period From February 10, 2023 to December 31, 2023**

	<u>2024</u>	<u>2023</u>
<b>Revenues</b>		
Royalties	\$ 236,521	\$ 61,905
Other franchise related fees	56,550	19,823
Brand fund income	26,599	10,319
Transfer fees	21,100	27,500
Initial franchise fees	16,269	5,000
<b>Total Revenues</b>	<b><u>357,039</u></b>	<b><u>124,547</u></b>
<b>Operating Expenses</b>		
General and administrative	124,392	37,020
Marketing and advertising	79,694	22,291
Legal and professional	83,877	16,826
Contractors	55,877	78,349
<b>Total Operating Expenses</b>	<b><u>343,840</u></b>	<b><u>154,486</u></b>
<b>Operating Income / (Loss)</b>	<b><u>13,199</u></b>	<b><u>(29,939)</u></b>
<b>Other Income (Expense)</b>		
Income tax benefit (expense)	(5,447)	8,668
<b>Net Income / (Loss)</b>	<b><u>\$ 7,752</u></b>	<b><u>\$ (21,271)</u></b>

*The accompanying notes are an integral part of the financial statements.*

**BIC Franchise System Corporation**  
**Statements of Stockholders Equity**  
**Year Ended December 31, 2024 and Period From February 10, 2023 to December 31, 2023**

	<u>Common Stock - No Par Value</u>		<u>Additional Paid-In Capital</u>	<u>Accumulated Deficit</u>	<u>Total Stockholders' Equity</u>
	<u>Shares</u>	<u>Amount</u>			
<b>Balance At February 10, 2023</b>	<b>10,000,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Net income (loss)		-		(21,271)	(21,271)
Stockholders' contributions		-	100,000	-	100,000
<b>Balance At December 31, 2023</b>	<b>10,000,000</b>	<b>\$ -</b>	<b>\$ 100,000</b>	<b>\$ (21,271)</b>	<b>\$ 78,729</b>
Net income (loss)		-	-	7,752	7,752
<b>Balance At December 31, 2024</b>	<b>10,000,000</b>	<b>\$ -</b>	<b>\$ 100,000</b>	<b>\$ (13,519)</b>	<b>\$ 86,481</b>

*The accompanying notes are an integral part of the financial statements.*

**BIC Franchise System Corporation**  
**Statements of Cash Flows**  
**Year Ended December 31, 2024 and Period From February 10, 2023 to December 31, 2023**

	<u>2024</u>	<u>2023</u>
<b>Cash Flows From Operating Activities:</b>		
Net income	\$ 7,752	\$ (21,271)
<b>Adjustments to reconcile net income to net cash provided by operating activities:</b>		
Deferred (income)/expenses taxes	5,447	(8,668)
<b>Change in operating assets and liabilities:</b>		
Accounts receivable	(66,525)	(18,219)
Due from related parties	(38,885)	-
Other assets	(2,548)	-
Accounts payable	3,616	6,878
Due to related parties	12,747	-
Deferred revenue	23,731	-
<b>Net Cash Flows Provided By (Used In) Operating Activities</b>	<b><u>(54,664)</u></b>	<b><u>(41,280)</u></b>
<b>Investing Activities</b>		
<b>Net Cash Provided by (Used In) Investing Activities</b>	<b><u>-</u></b>	<b><u>-</u></b>
<b>Financing Activities</b>		
Stockholders' contributions	-	100,000
<b>Net Cash Flows Provided By (Used In) Financing Activities</b>	<b><u>-</u></b>	<b><u>100,000</u></b>
<b>Net Change In Cash And Cash Equivalent During The Year/period</b>	<b><u>(54,664)</u></b>	<b><u>58,720</u></b>
Cash and cash equivalent - beginning of the year/period	58,720	-
<b>Cash And Cash Equivalent - End of The Year/Period</b>	<b><u>\$ 4,056</u></b>	<b><u>\$ 58,720</u></b>

*The accompanying notes are an integral part of the financial statements.*

**BIC Franchise System Corporation**  
**December 31, 2024 and 2023**  
**Notes To Financial Statements**

**1. COMPANY AND NATURE OF OPERATIONS**

BIC Franchise System Corporation (the Company) was formed in the state of Delaware on February 10, 2023, for the purpose of offering franchise opportunities to entrepreneurs who want to develop and operate a Best-in-Class Center. The Company offers qualified individuals the right to operate an education center that provides school-aged children with supplemental learning opportunities in the areas of Mathematics and English as well as SAT and ACT preparation courses under the "Best in Class" mark.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

This summary of significant accounting policies is presented to assist the reader in understanding and evaluating the Company's financial statements. The financial statements and notes are representations of the Company's management, which is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of financial statements.

**A. Basis of Accounting**

The Company's financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP").

**B. Cash and Cash Equivalents**

For purposes of the Statement of cash flows, cash equivalents include bank accounts and cash in transit for bank deposits with maturities of three months or less to be cash equivalents.

**C. Accounts Receivable**

Accounts Receivable arise primarily from royalty fees, technology fees and brand funds and are carried at their estimated collectible amounts, net of any estimated allowances for credit losses. The measurement and recognition of credit losses involves the use of judgement. The management's assessment of expected credit losses includes consideration of current and expected economic conditions, market and industry factors affecting the Company's customers (including their financial condition), the aging of account balances, historical credit loss experience, customer concentration, and customer creditworthiness. Management evaluates its experience with historical losses and then applies this historical loss ratio to financial assets with similar characteristics. The Company's historical loss ratio or its determination of risk pools may be adjusted for changes in customer, economy, market or other circumstances. The Company may also establish an allowance for credit losses for specific receivables when it is probable that the receivable will not be collected, and the loss can be reasonably estimated. Amounts are written off against the allowance when they are considered to be uncollectible, and reversal of previously reserved amounts are recognized if a specifically reserved item is settled for an amount exceeding the previous estimate.

As of December 31, 2024 and 2023 the allowance for credit losses is considered immaterial and accordingly, no allowance for credit losses has been recorded.

#### **D. Federal Income Taxes**

The Company provides for income taxes utilizing the liability method recognizing taxes payable or refundable for the current year and deferred tax liabilities and assets for the future tax consequences of events that have been recognized in the Company's financial statements or tax returns. The deferred taxes represent the future tax return consequences of those differences, which will either be deductible or taxable when the assets and liabilities are recovered or settled. Deferred tax assets and liabilities are measured using enacted tax rates in effect for the year in which 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 the period when the new rate is enacted.

#### **E. Concentration of Credit Risk**

The Company maintains cash and cash equivalents with major financial institutions. At various times during the year, the total amount on deposit might exceed the \$250,000 limit insured by the Federal Deposit Insurance Corporation (FDIC). The Company believes that it mitigates credit risk by depositing cash with financial institutions having high credit ratings.

#### **F. Use of Estimates**

The preparation of our Company's financial statements 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 our financial statements and the reported amounts of revenues, costs, and expenses during the reporting period. Actual results could differ significantly from those estimates. It is at least reasonably possible that a change in the estimates will occur in the near term.

#### **G. Reclassification**

Certain reclassifications have been made to the 2023 financial statements in order to conform to the 2024 presentation. There were no changes to previously issued financial statements as a result of the reclassifications.

#### **H. Advertising and Marketing**

Advertising and marketing costs are charged to operations in the year incurred.

#### **I. Revenue Recognition**

Revenue is recognized in accordance with ASC Topic 606, Revenue from Contracts with Customers. The Company adopted ASU 2021-02 Franchisors - Revenue from Contracts with Customers (Subtopic 952-606) effective with the application of ASC Topic 606. The ASU provides a practical expedient to ASU2014-09 Revenue from contracts with Customers (Topic 606). The new guidance allows franchisors to simplify the application of the guidance about identifying performance obligations for franchisors that perform pre-opening services by allowing a franchisor to account for pre-opening services as distinct if they are consistent with those included in a predefined list of pre-opening services.

##### Franchise Fees

The franchise arrangement between the Company and each franchise owner is documented in the form of a franchise agreement and, in select cases, a development agreement. The franchise arrangement requires the Company as franchisor to perform various activities to support the brand and does not involve the direct transfer of goods and services to the franchise owner as a customer. Activities performed by the Company before opening are distinguished from the franchise license. Therefore, the Company recognizes franchise fees as two performance obligations. The nature of the Company's promise in granting the franchise license is to provide the franchise owner with access to the brand's intellectual property over the term of the franchise arrangement.

The transaction price in a standard franchise arrangement consists of (a) franchise/development fees; (b) Marketing, brand development and royalties Fees and (c) IT Fees; (d) Annual Conference Fees. The Company utilize ASC 606 five-steps revenue recognition model as follows:

- Identify the contract with the customer.
- Identify the performance obligation in the contract.
- Determine the transaction price.
- Allocate the transaction price to the performance obligations.
- Recognize revenue when (or as) each performance obligation is satisfied.

The terms of the Company's franchise agreement will be as follows:

- The Company will grant the right to use the Company name, trademark and system in the franchisee's franchise development business.
- The franchisee is obligated to pay a non-refundable initial franchise fee.
- The franchisee is obligated to pay a monthly royalty, marketing, IT, and annual conference fees. Certain other fees are also outlined in the agreement.

Franchise revenues are recognized by the Company from the following different sources: The Company recognizes franchise fees as two (2) performance obligations. The first, pre-opening services, including access to manuals, assistance in site selection, and initial training, have been determined to be distinct services offered to franchisees. Pre-opening services are earned over a period of time using an input method of completion based on costs incurred for each franchisee at the end of each year.

The second, access to the franchise license, has been determined to be distinct. The amount allocated to the franchise license is earned over time as performance obligations are satisfied due to the continuous transfer of control to the franchisee. Franchise and development fees are paid in advance of the franchise opening, typically when entering into a new franchise or development agreement. Fees allocated to the franchise license are recognized as revenue on a straight-line basis over the term of each respective franchise agreement. Initial franchise agreement terms are typically 5 years while successive agreement terms are typically 5 years.

#### Variable Considerations

Franchise agreements contain variable considerations in the form of royalty fees and brand development (advertising). These fees are based on franchisee sales and are recorded as revenue and recognized as these services are delivered because the variable payment relates specifically to the performance obligation of using the license. The Company collects funds from franchisees to manage the brand level advertising, marketing, and development program. The fee is based on a percentage of the gross sales less any amount paid towards sales tax, payable monthly.

#### Contracts Assets and Liabilities Balances

The Company incurs costs that are directly attributable to obtaining a contract, for example, commission fees, broker fees, and referral fees. Under ASC 606, costs that are directly associated with obtaining a contract are to be capitalized and recognized over the term of the agreement. Capitalized costs are included in deferred expenses on the accompanying balance sheet. As such, direct franchise license costs are recognized over the franchise and renewal term, which is the performance obligation, and is typically the franchise agreement's term. If a customer is terminated, the remaining deferred expense will be recognized to expenses.

Deferred revenue consists of the remaining initial franchise fees to be amortized over the life of the franchise agreements. Deferred revenue is a result of the collection of the initial franchise fee at the time of the signing of the franchise agreement and will fluctuate each year based on the number of franchise agreements signed.

### Other Income

For the year ended December 31, 2024 and period from February 10, 2023 to December 31, 2023, other income comprises curriculum License fees, remote learning platform license fees, and technology fees.

### **J. Recent Accounting Pronouncements**

FASB ASU No. 2016-02 – Leases (Topic 842) is effective for the calendar year 2022. The standard requires lessees to recognize right-of-use assets and liabilities for most leases with terms longer than twelve months. The Company has evaluated the impact of this standard on its financial statements and determined that it doesn't have any lease that meet the requirement to recognize a right-of-use asset and liability because the Company doesn't have any long-term leases.

In June 2016, the FASB issued ASU No. 2016-13, Financial Instruments – Credit Losses (Topic 326): Measurements of Credit Losses on Financial Instruments. ASU 2016-13, along with subsequent clarifications and improvements (collectively, ASC 326), replaces the incurred loss impairment methodology in prior U.S. GAAP with a methodology that instead reflects a current estimate of all expected credit losses on financial assets, including receivables. ASC 326 requires that the Company measure and recognize expected credit losses at the time the asset is recorded, while considering a broader range of information to estimate credit losses including country specific macroeconomic conditions that correlate with historical loss experience, delinquency trends and aging behavior of receivables, among others. ASC 326 is effective for the Company since inception. There was no impact on the Company's financial statements as a result of the implementation of this standard.

### **3. CASH AND CASH EQUIVALENTS**

The Company maintains its cash balance in U.S. noninterest-bearing transaction accounts which are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. On December 31, 2024 and 2023 the Company's cash balance didn't exceed the FDIC insurance limit.

The Company considers all cash in the bank and investments in highly liquid debt instruments with maturities of three months or less to be cash equivalents. As of December 31, 2024 and 2023, the Company had approximately \$4,056 and \$58,720 respectively in cash in its bank accounts.

### **4. ACCOUNTS RECEIVABLE**

As of December 31, 2024 and 2023 accounts receivable consisted of the following:

	<u>2024</u>	<u>2023</u>
Royalty receivable	\$ 15,521	\$ 13,219
Initial franchise fees receivable	30,000	-
Transfer fee receivable	26,000	5,000
Other franchise-related fees receivable	10,594	-
Brand fund income receivable	2,629	-
<b>Total Accounts Receivable</b>	<b>\$ 84,744</b>	<b>\$ 18,219</b>

## 5. RELATED PARTY TRANSACTIONS

BIC Franchise System Corporation and Best in Class Education, LLC are affiliated entities under common ownership. As of December 31, 2024, and 2023, the Company had outstanding receivables from its affiliate amounting to \$14,527 and \$0, respectively, representing shared revenue collected on behalf of BIC Franchise System Corporation.

As of December 31, 2024, and 2023, the Company had outstanding receivables from its owners amounting to \$24,358 and \$0, respectively. These balances represent amounts due from the owners for obligations incurred during the normal course of business.

The Company conducts business with Lam's Tutoring Service, Inc. where the same member of the Company also has an ownership interest with this Company. As of December 31, 2024, and 2023 the entity has balance due to Lam's Tutoring Service, Inc. \$12,747 and \$0 respectively.

The following is a summary of transactions with related parties for the year ended December 31, 2024 and period from February 10, 2023 to December 31, 2023:

<b>Expenses</b>	<b>2024</b>	<b>2023</b>
Brand development fees expense - related party	\$ 30,474	\$ 10,319
Curriculum license fee expense - related party	8,760	3,491
Remote learning platform license fee expense - related party	35,772	14,182
Technology Fee expense - related party	9,450	2,150
Overhead expenses - related party	55,877	78,349
<b>Total</b>	<b>\$ 140,332</b>	<b>\$ 108,491</b>

## 6. REVENUE FROM CONTRACTS WITH CUSTOMERS

### Disaggregation of Revenue

Information regarding revenues disaggregated by the timing of when goods and services are transferred consist of the following for the year ended December 31, 2024 and period from February 10, 2023 to December 31, 2023:

	<b>2024</b>	<b>2023</b>
Revenue recognized over time	\$ 16,269	\$ -
Revenue recognized at a point in time	340,769	124,547
<b>Total Revenue</b>	<b>\$ 357,038</b>	<b>\$ 124,547</b>

### Contract Balances

The following table provides information about the change in the franchise contract liability balances the during year ended December 31, 2024 and period from February 10, 2023 to December 31, 2023 respectively. Franchise contract liability is included in deferred revenue on the accompanying balance sheets.

	<b>2024</b>	<b>2023</b>
Beginning balance	\$ -	\$ -
Additional deferred revenue	40,000	-
Revenue recognized – additional deferred revenue	(16,269)	-
<b>Deferred revenue</b>	<b>23,731</b>	<b>-</b>
Less: current maturities	6,269	-
<b>Deferred revenue, net of current maturities</b>	<b>\$ 17,462</b>	<b>\$ -</b>

**7. ADVERTISING EXPENSES**

Advertising costs for year ended December 31, 2024 and the period from February 10, 2023 to December 31, 2023, were \$79,694 and \$22,291, respectively. These costs were expensed as incurred

**8. STOCKHOLDERS' EQUITY**

Under the articles of incorporation, the total number of common shares of stock that the Corporation shall have the authority to issue is 10,000,000 shares with a par value of \$0.01 per share, none were issued or outstanding. As of December 31, 2024 and 2023, the entity had \$100,000 and \$100,000 respectively in additional paid-in capital.

**9. INCOME TAXES**

The deferred tax assets in the accompanying balance sheets include the following components:

	<u>2024</u>	<u>2023</u>
Deferred income taxes	\$ 3,539	\$ 8,668

The Company's 2024 and 2023 effective income tax rate is 23% federal for 2024 and 21% federal for 2023 and 0% state for both years. The statutory Federal rate for both years is 21%. Federal taxable income is increased by the effect of nondeductible meals. The Company had income tax expenses of \$5,447 and income tax benefits of \$8,668 for year ended December 31, 2024 and period from February 10, 2023 to December 31, 2023 respectively.

On December 31, 2024, under the benefit for loss approach, the Company has federal net operating loss carryforwards totaling \$18,257 of which \$18,257 may be offset against future income.

No state tax provision has been recorded for Florida, as income falls below the exemption threshold of \$50,000. Similarly, no provision has been made for the Ohio Commercial Activity Tax, California Franchise Tax, or Texas Gross Receipts Tax, as income or gross receipts are below the respective state filing thresholds.

**10. SUBSEQUENT EVENTS**

Management has evaluated subsequent events through May 27, 2025, which is the date the financial statements were available to be issued. The Company did not have any material recognizable subsequent events that would require adjustment to, or disclosure in, the financial statements.

**BIC Franchise System Corporation**  
**Independent Auditor's Report**  
**And**  
**Financial Statements**  
**Period from February 10, 2023 (Inception) to December 31, 2023**

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**Metwally CPA PLLC**

**CERTIFIED PUBLIC ACCOUNTANT**

1312 Norwood Dr STE 100, Bedford, Texas 76022

Cell: 214-200-5434 (Mohamed Metwally) Mmetwally@metwallycpa.com

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**Independent Auditor's Report**

To the Stockholders of  
BIC Franchise System Corporation

**Opinion**

We have audited the accompanying financial statements of BIC Franchise System Corporation (the "Company") which comprise the balance sheet as of December 31, 2023, and the related statements of operations, stockholders' equity, and cash flows for the period from February 10, 2023 to December 31, 2023 and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of BIC Franchise System Corporation as of December 31, 2023 and the results of its operations and its cash flows for the for the period from February 10, 2023 to December 31, 2023 in accordance with accounting principles generally accepted in the United States of America.

**Basis for Opinion**

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

**Responsibilities of Management for the Financial Statements**

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

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

**Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of BIC Franchise System Corporation'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 BIC Franchise System Corporation's ability to continue as a going concern for a reasonable period of time.

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

*Metwally CPA PLLC*

Metwally CPA PLLC  
Bedford, Texas  
April 30, 2024

BIC Franchise System Corporation  
Balance Sheet  
December 31, 2023

	2023
<b>ASSETS</b>	
<b>Current Assets</b>	
Cash and cash equivalents	\$ 58,720
Accounts receivable	18,219
<b>Total Current Assets</b>	<b>76,939</b>
<b>Non-Current Assets</b>	
Deferred income taxes	8,668
<b>Total Non- Current Assets</b>	<b>8,668</b>
<b>Total Assets</b>	<b>\$ 85,607</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>	
<b>Current Liabilities</b>	
Accounts payable	\$ 6,878
<b>Total Current Liabilities</b>	<b>6,878</b>
<b>Total Liabilities</b>	<b>6,878</b>
<b>Stockholders' Equity</b>	
Common stock with par value 0.01 per share 10,000,000 authorized shares, none issued or outstanding	-
Additional paid in capital	100,000
Accumulated deficit	(21,271)
<b>Total Stockholders' Equity</b>	<b>78,729</b>
<b>Total Liabilities and Stockholders' Equity</b>	<b>\$ 85,607</b>

*The accompanying notes are an integral part of the financial statements.*

**BIC Franchise System Corporation**  
**Statement of Operations**  
**Period From February 10, 2023 to December 31, 2023**

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	<b>2023</b>
<b>Revenues</b>	
Royalties	\$ 61,905
Transfer fees	27,500
Marketing fees	10,319
Other fees	24,823
<b>Total Revenues</b>	<b>124,547</b>
<b>Operating Expenses</b>	
Contractors	78,349
General and administrative	38,975
Advertising and marketing	20,336
Legal and professional	16,826
<b>Total Operating Expenses</b>	<b>154,486</b>
<b>Operating Income / (Loss)</b>	<b>(29,939)</b>
<b>Other Income (Expenses)</b>	
Income tax benefit (expense)	8,668
<b>Total other income (expense)</b>	<b>8,668</b>
<b>Net Income / (Loss)</b>	<b>\$ (21,271)</b>

*The accompanying notes are an integral part of the financial statements.*

BIC Franchise System Corporation  
Statement of Stockholders' Equity  
Period From February 10, 2023 to December 31, 2023

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	Common Stock			Additional Paid- In Capital	(Accumulated Deficits)	Total Stockholders' Equity
	Shares	Amount	Amount			
<b>Balance At February 10, 2023</b>	<b>10,000,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Contribution			100,000			100,000
Net income (loss)	-	-		(21,271)		(21,271)
<b>Balance At December 31, 2023</b>	<b>10,000,000</b>	<b>\$ -</b>	<b>\$ 100,000</b>	<b>\$ (21,271)</b>		<b>\$ 78,729</b>

*The accompanying notes are an integral part of the financial statements.*

BIC Franchise System Corporation  
Statement of Cash Flows  
Period From February 10, 2023 to December 31, 2023

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	2023
<b>Cash Flows From Operating Activities:</b>	
Net income (loss)	\$ (21,271)
<b>Adjustments to reconcile net income to net cash provided by operating activities</b>	
Deferred income taxes	(8,668)
<b>Change in assets and liabilities</b>	
Accounts receivable	(18,219)
Accounts payable	6,878
<b>Net Cash Provided By (Used In) Operating Activities</b>	<b>(41,280)</b>
<b>Investing Activities</b>	
<b>Net Cash Provided by (Used In) Investing Activities</b>	-
<b>Financing Activities</b>	
Contribution	100,000
<b>Net Cash Flows Provided By (Used In) Financing Activities</b>	<b>100,000</b>
<b>Net Change In Cash And Cash Equivalent During The Period</b>	<b>58,720</b>
Cash and cash equivalent - beginning of the Period	-
<b>Cash And Cash Equivalent - End Of The Period</b>	<b>\$ 58,720</b>

*The accompanying notes are an integral part of the financial statements.*

**BIC Franchise System Corporation**  
**December 31, 2023**  
**Notes To Financial Statements**

**1. COMPANY AND NATURE OF OPERATIONS**

BIC Franchise System Corporation (“the Company”) was formed in the state of Delaware on February 10, 2023, for the purpose of offering franchise opportunities to entrepreneurs who want to develop and operate a Best-in-Class Center. The Company offers qualified individuals the right to operate an education center that provides school-aged children with supplemental learning opportunities in the areas of Mathematics and English as well as SAT and ACT preparation courses under the “Best in Class” mark.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

This summary of significant accounting policies is presented to assist the reader in understanding and evaluating the Company’s financial statements. The financial statements and notes are representations of the Company’s management, which is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of financial statements.

**A. Basis of Accounting**

The Company’s financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (“GAAP”).

**B. Cash and Cash Equivalents**

For purposes of the Statement of cash flows, cash equivalents include bank accounts and cash in transit for bank deposits with maturities of three months or less to be cash equivalents.

**C. Accounts Receivable**

Accounts Receivable arise primarily from amounts due from franchise owners for continuing fees (Royalties) that are collected monthly and are carried at their estimated collectible amounts. The Company provides an allowance for doubtful collections, which is based upon a review of outstanding accounts receivable, historical collection information, existing economic conditions, and other relevant factors. At the time any particular account receivable is deemed uncollectible, the balance is charged to the allowance for doubtful accounts. No allowance for uncollectible accounts was required on December 31, 2023.

**D. Federal Income Taxes**

The Company provides for income taxes utilizing the liability method recognizing taxes payable or refundable for the current year and deferred tax liabilities and assets for the future tax consequences of events that have been recognized in the company’s financial statements or tax returns. The deferred taxes represent the future tax return consequences of those differences, which will either be deductible or taxable when the assets and liabilities are recovered or settled. Deferred tax assets and liabilities are measured using enacted tax rates in effect for the year in which 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 the period when the new rate is enacted.

#### **E. Concentration of Credit Risk**

The Company maintains cash and cash equivalents with major financial institutions. At various times during the year, the total amount on deposit might exceed the \$250,000 limit insured by the Federal Deposit Insurance Corporation (FDIC). The Company believes that it mitigates credit risk by depositing cash with financial institutions having high credit ratings.

#### **F. Use of Estimates**

The preparation of our Company's financial statements 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 our financial statements and the reported amounts of revenues, costs, and expenses during the reporting period. Actual results could differ significantly from those estimates. It is at least reasonably possible that a change in the estimates will occur in the near term.

#### **G. Advertising and Marketing**

Advertising and marketing costs are charged to operations in the year incurred.

#### **H. Revenue Recognition**

Revenue is recognized in accordance with ASC Topic 606, Revenue from Contracts with Customers. The Company adopted ASU 2021-02 Franchisors - Revenue from Contracts with Customers (Subtopic 952-606) effective with the application of ASC Topic 606. The ASU provides a practical expedient to ASU2014-09 Revenue from contracts with Customers (Topic 606). The new guidance allows franchisors to simplify the application of the guidance about identifying performance obligations for franchisors that perform pre-opening services by allowing a franchisor to account for pre-opening services as distinct if they are consistent with those included in a predefined list of pre-opening services.

##### Franchise Fees

The franchise arrangement between the Company and each franchise owner is documented in the form of a franchise agreement and, in select cases, a development agreement. The franchise arrangement requires the Company as franchisor to perform various activities to support the brand and does not involve the direct transfer of goods and services to the franchise owner as a customer. Activities performed by the Company before opening are distinguished from the franchise license. Therefore, the Company recognizes franchise fees as two performance obligations. The nature of the Company's promise in granting the franchise license is to provide the franchise owner with access to the brand's intellectual property over the term of the franchise arrangement.

The transaction price in a standard franchise arrangement consists of (a) franchise/development fees; (b) Marketing, brand development and royalties Fees and (c) IT Fees; (d) Annual Conference Fees. The Company utilize ASC 606 five-steps revenue recognition model as follows:

- Identify the contract with the customer.
- Identify the performance obligation in the contract.
- Determine the transaction price.
- Allocate the transaction price to the performance obligations.
- Recognize revenue when (or as) each performance obligation is satisfied.

The terms of the Company's franchise agreement will be as follows:

- The Company will grant the right to use the Company name, trademark, and system in the franchisee's franchise development business.
- The franchisee is obligated to pay a non-refundable initial franchise fee.
- The franchisee is obligated to pay monthly royalties, marketing, IT, and annual conference fees. Certain other fees are also outlined in the agreement.

Franchise revenues are recognized by the Company from the following different sources: The Company recognizes franchise fees as two (2) performance obligations. The first, pre-opening services, including access to manuals, assistance in site selection, and initial training, have been determined to be distinct services offered to franchisees. Pre-opening services are earned over a period using an input method of completion based on costs incurred for each franchisee at the end of each year.

The second, access to the franchise license, has been determined to be distinct. The amount allocated to the franchise license is earned over time as performance obligations are satisfied due to the continuous transfer of control to the franchisee. Franchise and development fees are paid in advance of the franchise opening, typically when entering into a new franchise or development agreement. Fees allocated to the franchise license are recognized as revenue on a straight-line basis over the term of each respective franchise agreement. Initial franchise agreement terms are typically 5 years while successive agreement terms are typically 5 years.

#### Variable Considerations

Franchise agreements contain variable considerations in the form of royalty fees and brand development (advertising). These fees are based on franchisee sales and are recorded as revenue and recognized as these services are delivered because the variable payment relates specifically to the performance obligation of using the license.

#### Contracts Assets and Liabilities Balances

The Company incurs costs that are directly attributable to obtaining a contract, for example, commission fees, broker fees, and referral fees. Under ASC 606, costs that are directly associated with obtaining a contract are to be capitalized and recognized over the term of the agreement. Capitalized costs are included in deferred expenses on the accompanying balance sheet. As such, direct franchise license costs are recognized over the franchise and renewal term, which is the performance obligation, and is typically the franchise agreement's term. If a customer is terminated, the remaining deferred expense will be recognized as expenses.

Deferred revenue consists of the remaining initial franchise fees to be amortized over the life of the franchise agreements. Deferred revenue is a result of the collection of the initial franchise fee at the time of the signing of the franchise agreement and will fluctuate each year based on the number of franchise agreements signed.

#### **A. Recent Accounting Pronouncements**

FASB ASU No. 2016-02 – Leases (Topic 842) is effective for the calendar year 2022. The standard requires lessees to recognize right-of-use assets and liabilities for most leases with terms longer than twelve months. The Company has evaluated the impact of this standard on its financial statements and determined that it doesn't have any lease that meet the requirement to recognize a right-of-use asset and liability because the Company doesn't have any long-term leases.

### **3. CASH AND CASH EQUIVALENTS**

The Company maintains its cash balance in U.S. noninterest-bearing transaction accounts which are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. On December 31, 2023 the Company's cash balance didn't exceed the FDIC insurance limit.

The Company considers all cash in the bank and investments in highly liquid debt instruments with maturities of three months or less to be cash equivalents. As of December 31, 2023 the Company had approximately \$58,720 in cash in its bank accounts.

#### 4. ACCOUNTS RECEIVABLE

As of December 31, 2023 accounts receivable consisted of the following:

	<u>2023</u>
Royalties receivable	\$ 13,219
Transfer fee receivable	<u>5,000</u>
<b>Total Accounts Receivable</b>	<b>\$ 18,219</b>

#### 5. RELATED PARTY TRANSACTIONS

The Company conducts business with Lam's Tutoring Service, Inc. where the same member of the Company also has an ownership interest with this Company. The following is a summary of transactions with related parties during the period from February 10, 2023, to December 31, 2023:

<b>Expenses</b>	<u>2023</u>
Brand development fees expense - related party	\$ 10,319
Curriculum license fee expense - related party	3,491
Remote learning platform license fee expense - related party	14,182
Technology Fee expense - related party	2,150
Overhead expenses - related party	<u>78,349</u>
<b>Total</b>	<b>\$ 108,491</b>

#### 6. REVENUE FROM CONTRACTS WITH CUSTOMERS

##### Disaggregation of Revenue

Information regarding revenues disaggregated by the timing of when goods and services are transferred consist of the following for the year ended December 31:

	<u>2023</u>
Revenue recognized over time	\$ -
Revenue recognized at a point in time	<u>124,547</u>
<b>Total Revenue</b>	<b>\$ 124,547</b>

#### 7. ADVERTISING EXPENSES

Advertising costs for the period from February 10, 2023 to December 31, 2023 were \$20,336. These costs were expensed as incurred.

#### 8. STOCKHOLDERS' EQUITY

Under the articles of incorporation, the total number of common shares of stock that the Corporation shall have the authority to issue is 10,000,000 shares with a par value of \$0.01 per share, none were issued or outstanding. As of December 31, 2023, the entity had \$100,000 in additional paid-in capital.

**9. INCOME TAXES**

The deferred tax assets in the accompanying balance sheets include the following components:

	<u>2023</u>
Deferred income taxes	\$ 8,668

The Company's 2023 effective income tax rate is 21% federal and 7% state. The Company had income tax benefits of \$8,668 for the year ended December 31, 2023.

**10. SUBSEQUENT EVENTS**

Management has evaluated subsequent events through April 30, 2024, which is the date the financial statements were available to be issued. The Company did not have any material recognizable subsequent events that would require adjustment to or disclosure in, the financial statements.

**EXHIBIT "H"**  
**TO DISCLOSURE DOCUMENT**  
**OTHER AGREEMENTS**

**EXHIBIT “H”-1**

**STATE ADDENDA**

*[\[See Attached\]](#)*

**STATE ADDENDA AND AMENDMENTS TO FRANCHISE AGREEMENT, SUPPLEMENTAL AGREEMENTS AND FRANCHISE DISCLOSURE DOCUMENT FOR CERTAIN STATES**

**BACKGROUND AND PURPOSE**

The following modifications are made to the Best In Class Education Center Franchise Disclosure Document (“FDD” or “Disclosure Document”) issued by BiC Franchise System Corporation (“we” or “us” or “franchisor”) to franchisee (“you” or “franchisee”) and may supersede, to the extent required by applicable state law, certain portions of the Franchise Agreement between you and us dated \_\_\_\_\_, 202\_\_ (the “Franchise Agreement”). When the term “Supplemental Agreements” is used, it means any area development agreement, area representative agreement, master franchise agreement, or similar agreement entered into between us and you, if applicable.

Certain states have laws governing the franchise relationship and franchise documents. Certain states require modifications to the FDD, Franchise Agreement, Supplemental Agreements and other documents related to the sale of a franchise. This State-Specific Addendum (“State Addendum”) will modify these agreements to comply with the applicable state’s laws. The terms of this State Addendum will only apply if you meet the requirements of the applicable state independently of your signing of this State Addendum. The terms of this State Addendum (but only the State Addendum for the applicable State) will override any inconsistent provision of the FDD, Franchise Agreement or any Supplemental Documents. This State Addendum only applies to the following states: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

If your state requires these modifications, you will sign this State Addendum along with the Franchise Agreement and any Supplemental Agreements. If you sign this State Addendum, only the terms applicable to the state or states whose franchise laws apply to your transaction will govern. If you sign this State Addendum, but none of the state franchise laws listed above applies because their jurisdictional requirements have not been met, then this State Addendum will be void and inapplicable to you.

|

## CALIFORNIA

1. The California Franchise Investment Law requires a copy of all proposed agreements relating to the sale of the Franchise be delivered together with the Disclosure Document.
2. Section 31125 of the California Corporations Code requires us to give you a disclosure document, in a form containing the information that the Commissioner may by rule or order require, before a solicitation of a proposed material modification of an existing franchise.
3. Neither the franchisor nor any person or franchise broker in Item 2 of the FDD is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such persons from membership in such association or exchange.
4. The Franchise Agreement and Supplemental Agreements require binding arbitration. The arbitration will occur in Washington with the costs being borne initially by the party filing for arbitration.
5. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a Franchise Agreement or Supplemental Agreement restricting venue to a forum outside the State of California.
6. The Franchise Agreement and Supplemental Agreements require application of the laws of Washington. This provision may not be enforceable under California law.
7. The Franchise Agreement and Supplemental Agreements may provide for termination upon bankruptcy. Any such provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.).
8. The Franchise Agreement and Supplemental Agreements contain a covenant not to compete which extends beyond the termination of the franchise. A contract that restrains a former franchisee from engaging in a lawful trade or business is to that extent void under California Business and Professions Code Section 16600.
9. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable. Any such provisions contained in the Franchise Agreement or Supplemental Agreements may not be enforceable.
10. California Business and Professions Code Sections 20000 through 20043 provide rights to you concerning termination, transfer, or non-renewal of a franchise. If the Franchise Agreement or Supplemental Agreements contain a provision that is inconsistent with the California Franchise Investment Law, the California Franchise Investment Law will control.
11. You must sign a general release of claims if you renew or transfer your Franchise. California Corporations Code Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 31000 through 31516). Business and Professions Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 through 20043).
12. OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION & INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION & INNOVATION AT <https://dfpi.ca.gov/>.

13. For franchisees operating outlets located in California, the California Franchise Investment Law and the California Franchise Relations Act will apply regardless of the choice of law or dispute resolution venue stated elsewhere. Any language in the Franchise Agreement or any amendment thereto or any agreement to the contrary is superseded by this condition.

## HAWAII

1. The following is added to the Cover Page:

**THIS FRANCHISE WILL BE/HAS BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED IN THIS FRANCHISE DISCLOSURE DOCUMENT IS TRUE, COMPLETE AND NOT MISLEADING.**

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

**THIS FRANCHISE DISCLOSURE DOCUMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH US AND YOU.**

2. Our registered agent in the state authorized to receive service of process:

Commissioner of Securities of the State of Hawaii  
Department of Commerce and Consumer Affairs  
Business Registration Division  
335 Merchant Street, Room 203  
Honolulu, Hawaii 96813

3. The states in which this filing is effective are listed on the Exhibit to the FDD titled "State Effective Dates".
4. The states in which this filing is or will be shortly on file include the following: California, California, Hawaii, Illinois, Indiana, Maryland, Minnesota, New York, Virginia, Washington and Wisconsin.
5. The states, if any, which have refused, by order or otherwise, to register these franchises include the following: None.
6. The states, if any, which have revoked or suspended the right to offer these franchises include the following: None.
7. The states, if any, in which the filing of these franchises has been withdrawn include the following: None.

## ILLINOIS

In recognition of the requirements of the Illinois Franchise Disclosure Act, 815 ILCS 705, the Disclosure Document and the Franchise Agreement and Supplemental Agreements are amended as follows:

1. Illinois law shall apply to and govern the Franchise Agreement and Supplemental Agreements.
2. In accordance with Section 4 of the Illinois Franchise Disclosure Act, any provision in the Franchise Agreement and Supplemental Agreements that designated jurisdiction and venue in a forum outside of the State of Illinois is void. However, the Franchise Agreement and Supplemental Agreements may provide for arbitration to take place outside of Illinois. Therefore, any arbitration proceeding may be brought in Washington in accordance with the dispute resolution provision set forth in the Franchise Agreement and Supplemental Agreements.
3. Your rights upon Termination and Non-Renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.
4. In conformance with Section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.
5. The Franchise Agreement and Supplemental Agreements are amended to state the following:

To the extent that any provision in the Illinois State Addendum is inconsistent with any provision in this Agreement, the provision in the Illinois State Addendum shall control.

## INDIANA

In recognition of the requirements of the Indiana Franchise Disclosure Law, IC 23-2-2-2.5, the Franchise Agreement and Supplemental Agreements are amended as follows:

1. The laws of the State of Indiana supersede any provisions of the Disclosure Document, Franchise Agreement and Supplemental Agreements if such provisions are in conflict with Indiana law.
2. The Franchise Agreement and Supplemental Agreements are amended to provide that such agreements will be construed in accordance with the laws of the State of Indiana.
3. Any provision in the Franchise Agreement which designates jurisdiction or venue, or requires the franchisee to agree to jurisdiction or venue, in a forum outside of Indiana, is deleted from any Franchise Agreement and Supplemental Agreement issued in the State of Indiana.
4. The prohibition by Indiana Code § 23-2-2.7-1(7) against unilateral termination of the franchise without good cause or in bad faith, good cause being defined therein as material breach of the Franchise Agreement or Supplemental Agreement (as applicable), shall supersede the provisions of the Franchise Agreement or Supplemental Agreement (as applicable) in the State of Indiana to the extent they may be inconsistent with such prohibition.
5. Liquidated damages and termination penalties are prohibited by law in the State of Indiana and, therefore, the Disclosure Document, the Franchise Agreement and Supplemental Agreements are amended by the deletion of all references to liquidated damages and termination penalties and the addition of the following language to the original language that appears therein:

Notwithstanding any such termination, and in addition to the obligations of the franchisee as otherwise provided, or in the event of termination or cancellation of the Franchise Agreement under any of the other provisions therein, the franchisee nevertheless shall be, continue and remain liable to franchisor for any and all damages which franchisor has sustained or may sustain by reason of such default or defaults and the breach of the Franchise Agreement on the part of the franchisee for the unexpired Term of the Franchise Agreement.

At the time of such termination of the Franchise Agreement, the franchisee covenants to pay to franchisor within 10 days after demand as compensation all damages, losses, costs and expenses (including reasonable attorney's fees) incurred by franchisor, and/or amounts which would otherwise be payable thereunder but for such termination for and during the remainder of the unexpired Term of the Franchise Agreement. This Agreement does not constitute a waiver of the franchisee's right to a trial on any of the above matters.

6. No release language set forth in the Disclosure Document or Franchise Agreement or Supplemental Agreement shall relieve franchisor or any other person, directly or indirectly, from liability imposed by the laws concerning franchising of the State of Indiana. Any provision in the Franchise Agreement or Supplemental Agreement that would require you to prospectively assent to a release, assignment, novation, waiver or estoppel which purports to relieve any person from liability imposed by the Indiana Deceptive Franchise Practices Law is void to the extent that such provision violates such law.

**MARYLAND ADDENDUM TO FRANCHISE AGREEMENT**

In recognition of the requirements of the Maryland Franchise Law, the Franchise Agreement is amended to add the following:

1. Any claims arising under the Maryland Franchise Law must be brought within three (3) years after the grant of the franchise.
2. Pursuant to COMAR 02.02.08.16L, the general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Law.
3. You may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Law.
4. This franchise agreement provides that disputes are resolved through mediation or arbitration. A Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable.
5. All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.
6. Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement.
7. 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.
8. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.
9. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this Addendum shall apply.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Addendum concurrently with the execution of the Franchise Agreement.

**BIC FRANCHISE SYSTEM CORPORATION**

**[FRANCHISEE]**

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

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

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

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

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

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

## MARYLAND ADDENDUM TO AREA DEVELOPMENT AGREEMENT

In recognition of the requirements of the Maryland Franchise Law, the Area Development Agreement is amended to add the following:

1. Any claims arising under the Maryland Franchise Law must be brought within three (3) years after the grant of the franchise.
2. Pursuant to COMAR 02.02.08.16L, the general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Law.
3. You may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Law.
4. This area development agreement provides that disputes are resolved through mediation or arbitration. A Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable.
5. All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.
6. Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement. In addition, all development fees and initial payments by area developers shall be deferred until the first franchise under the development agreement opens.
7. 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.
8. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Area Development Agreement.
9. Except as expressly modified by this Addendum, the Area Development Agreement remains unmodified and in full force and effect.

This Addendum is being entered into in connection with the Area Development Agreement. In the event of any conflict between this Addendum and the Area Development Agreement, the terms and conditions of this Addendum shall apply.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Addendum concurrently with the execution of the Area Development Agreement.

**BIC FRANCHISE SYSTEM CORPORATION      [FRANCHISEE]**

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

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

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

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

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

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

## **MARYLAND ADDENDUM TO THE DISCLOSURE DOCUMENT**

In recognition of the requirements of the Maryland Franchise Registration and Disclosure Law (the "Maryland Franchise Law"), the Disclosure Document is amended as follows:

6. Item 5 of the Disclosure Document is amended to add the following:

"Fee Deferral

Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement. In addition, area developers shall be deferred until the first franchise under the development agreement opens."

7. Item 17 of the Disclosure Document is amended to add the following:

- (a) The general release required as a condition of renewal, sale and/or assignment/transfer shall not apply any liability under the Maryland Franchise Registration and Disclosure Law.
- (b) A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.
- (c) Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.
- (d) The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101, et seq.).
- (e) The franchise agreement provides that disputes are resolved through arbitration. A Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable.

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

9. You may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Law.

10. 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.

## MICHIGAN

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

Each of the following provisions is void and unenforceable if contained in any document relating to a franchise:

- (j) A prohibition on the right of a franchisee to join an association of franchisees.
- (k) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.
- (l) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.
- (m) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) The term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.
- (n) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.
- (o) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.
- (p) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:
  - (v) The failure of the proposed transferee to meet the franchisor's then current reasonable qualifications or standards.
  - (vi) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.
  - (vii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.
  - (viii) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.
- (q) A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor a right of

first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in subdivision (c).

- (r) A provision which permits the franchisor to directly or indirectly convey, assign, or otherwise transfer its obligations to fulfill contractual obligations to the franchisee unless provision has been made for providing the required contractual services.

If the franchisor's most recent financial statements are unaudited and show a net worth of less than \$100,000.00, the franchisee may request the franchisor to arrange for the escrow of initial investment and other funds paid by the franchisee until the obligations, if any, of the franchisor to provide real estate, improvements, equipment, inventory, training or other items included in the franchise offering are fulfilled. At the option of the franchisor, a surety bond may be provided in place of escrow.

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

Any questions regarding this notice should be directed to:

State of Michigan  
Department of Attorney General  
CONSUMER PROTECTION DIVISION  
Attention: Franchise Section  
G. Mennen Williams Building, 1<sup>st</sup> Floor  
525 West Ottawa Street  
Lansing, Michigan 48913  
Telephone Number: (517) 373-7117

## MINNESOTA

In recognition of the Minnesota Franchise Law, Minn. Stat., Chapter 80C, Sections 80C.01 through 80C.22, and the Rules and Regulations promulgated pursuant thereto by the Minnesota Commission of Securities, Minnesota Rule 2860.4400, et. seq., the Disclosure Document, Franchise Agreement and Supplemental Agreements are amended as follows:

1. Minnesota Statute 80C.21 and Minnesota Rule 2860.4400(J) prohibit the franchiser from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce (1) any of the franchisee's rights as provided for in Minnesota Statute 80C.21 or (2) franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.
2. With respect to franchises governed by Minnesota law, the franchiser will comply with Minnesota Statute 80C.14 Subd. 3-5, which require (except in certain specified cases)
  - that a franchisee be given 90 days notice of termination (with 60 days to cure) and 180 days notice for non-renewal of the franchise agreement and
  - that consent to the transfer of the franchise will not be unreasonably withheld.
3. Minnesota considers it unfair to not protect the franchisee's right to use the trademarks. Refer to Minnesota Statute 80C.12 Subd. 1(G). The franchiser will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes, or other commercial symbols or indemnify the franchisee from any loss, costs, or expenses arising out of any claim, suit, or demand regarding the use of the name.
4. Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.
5. The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minnesota Rule 2860.4400(J) also, a court will determine if a bond is required.
6. The Limitations of Claims section must comply with Minnesota Statute 80C.17 Subd. 5.
7. NSF checks are governed by Minnesota Statute 60A.113, which puts a cap of \$30 on service charges. Please amend the Minnesota Addendum accordingly.
8. No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including, fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed with the franchisee.

## NEW YORK

In recognition of the requirements of the General Business Laws of the State of New York, Article 33, §§680 through 695, the Disclosure Document, Franchise Agreement and Supplemental Agreements are amended as follows:

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

**INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SERVICES 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 CAN NOT 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:

With the exception of what is stated above, the following applies to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

A. No such party has an administrative, criminal, or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.

B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature, or financial condition of the franchise system or its business operations.

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10-year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation, or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as

defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of the “Summary” sections of Item 17(c), titled “**Requirements for a franchisee to renew or extend,**” and Item 17(m), entitled “**Conditions for franchisor approval of transfer**”:

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687(4) and 687(5) be satisfied.

4. The following language replaces the “Summary” section of Item 17(d), titled “**Termination by franchisee**”: You may terminate the agreement on any grounds available by law.
5. The following is added to the end of the “Summary” sections of Item 17(v), titled “**Choice of forum,**” and Item 17(w), titled “**Choice of law**”:

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

6. Franchise Questionnaires and Acknowledgements--No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
7. Receipts--Any sale made must be in compliance with § 683(8) of the Franchise Sale Act (N.Y. Gen. Bus. L. § 680 *et seq.*), which describes the time period a Franchise Disclosure Document (offering prospectus) must be provided to a prospective franchisee before a sale may be made. New York law requires a franchisor to provide the Franchise Disclosure Document at the earlier of the first personal meeting, ten (10) business days before the execution of the franchise or other agreement, or the payment of any consideration that relates to the franchise relationship.

## NORTH DAKOTA

In recognition of the requirements of the North Dakota Franchise Investment Law (the “North Dakota Franchise Law”), the Disclosure Document, Franchise Agreement and Supplemental Agreements are amended as follows:

1. Covenants not to compete are generally considered unenforceable in the State of North Dakota, pursuant to Section 51-19-09 of the North Dakota Franchise Law. Item 17(r) of the Disclosure Document and certain provisions in the Franchise Agreement and Supplemental Agreements include certain covenants restricting competition to which you must agree. The Commissioner has held that covenants restricting competition contrary to Section 9-08-06 of the North Dakota Century Code, without further disclosing that such covenants may be subject to this statute, are unfair, unjust, or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Law. The Disclosure Document, Franchise Agreement and Supplemental Agreements are amended accordingly to the extent required by law.
2. Provisions requiring arbitration or mediation to be held at a location that is remote from the site of the franchisee’s business are generally considered unenforceable in the State of North Dakota, pursuant to Section 51-19-09 of the North Dakota Franchise Investment Law. Accordingly, the parties must agree on the site where arbitration or mediation will be held.
3. Provisions requiring jurisdiction in a state other than North Dakota are generally considered unenforceable in the State of North Dakota, pursuant to Section 51-19-09 of the North Dakota Franchise Investment Law.
4. Provisions requiring that agreements be governed by the laws of a state other than North Dakota are generally considered unenforceable in the State of North Dakota, pursuant to Section 51-19-09 of the North Dakota Franchise Investment Law.
5. Provisions requiring your consent to liquidated or termination damages are generally considered unenforceable in the State of North Dakota, pursuant to Section 51-19-09 of the North Dakota Franchise Investment Law.
6. Provisions requiring you to sign a general release upon renewal of the franchise agreement have been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.
7. Provisions requiring you to pay all costs and expenses incurred by us in enforcing the franchise agreement have been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. Accordingly, any such provision is modified to read that the prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney’s fees.
8. Provisions requiring you to consent to a waiver of trial by jury have been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.
9. Provisions requiring you to consent to a limitation of claims within one year have been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. Accordingly, any such provision is modified to read that the statute of limitations under North Dakota Law will apply.
10. Provisions requiring you to consent to a waiver of exemplary and punitive damages have been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Invest Law.

## RHODE ISLAND

In recognition of the requirements of the Rhode Island Franchise Investment Act (the "Rhode Island Franchise Law"), the Disclosure Document, Franchise Agreement and Supplemental Agreements are amended as follows:

1. We will not require that you prospectively assent to a waiver, condition, stipulation, or provision that purports to relieve any person from liability imposed by the Rhode Island Franchise Law. This provision does not apply to the settlement of disputes, claims, or civil lawsuits brought under the Rhode Island Franchise Law.
2. Section 19-28.1-14 of the Rhode Island Franchise Law provides that "A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act." If a claim is enforceable under the Rhode Island Franchise Law, we will not restrict jurisdiction or venue to a forum outside the State of Rhode Island or require the application of the laws of another state.
3. We will not prohibit you from joining a trade association or association of franchisees. We will not retaliate against you for engaging in these activities.
4. Any provision in the Franchise Agreement that limits the time period in which you may assert a legal claim against us under the Rhode Island Franchise Law is amended to provide for a four (4) year statute of limitations for purposes of bringing a claim arising under the Rhode Island Franchise Law. Notwithstanding the foregoing, if a rescission offer has been approved by the Rhode Island director of business registration, then the statute of limitations is ninety (90) days after your receipt of the rescission offer.

## VIRGINIA

In recognition of the requirements of the Virginia Retail Franchising Act, the Disclosure Document, Franchise Agreement and Supplemental Agreements are amended as follows:

1. Item 17 of the Disclosure Document is amended to add the following:

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 grounds for default or termination stated in the Franchise Agreement or Supplemental 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.

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to use undue influence to induce a franchisee/area developer to surrender any right given to him under the applicable agreement.

2. If any provision of the Franchise Agreement or any Supplemental Agreement involves the use of undue influence by the franchisor to induce a franchisee/area developer to surrender any rights given to him under the applicable agreement, that provision may not be enforceable.
3. We will not require that you prospectively assent to a waiver, condition, stipulation, or provision that purports to relieve any person from liability imposed by the Virginia Retail Franchising Act. This provision does not prohibit you and us from entering into binding arbitration consistent with the Virginia Retail Franchising Act.
4. Any provision in the Franchise Agreement or Supplemental Agreement that limits the time period in which you may assert a legal claim against us under the Virginia Retail Franchising Act is amended to provide for a four (4) year statute of limitations for purposes of bringing a claim arising under the Virginia Retail Franchising Act.
5. Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it shall be unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the Franchise Agreement or Supplemental 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.
6. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

## WASHINGTON

In recognition of the requirements of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW, the Disclosure Document, Franchise Agreement and Supplemental Agreements are amended as follows:

1. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW, will prevail.
2. RCW 19.100.180 may supersede the Franchise Agreement and Supplemental Agreements in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the Franchise Agreement and Supplemental Agreements in your relationship with the franchisor including the areas of termination and renewal of your franchise.
3. In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.
4. A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.
5. Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.
6. Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.
7. RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.
8. On October 18, 2019, franchisor's predecessor, Best In Class Education Center, LLC, entered into an Assurance of Discontinuance ("AOD") with the Washington Attorney General's office ("AGO"). Under the AOD, the predecessor agreed to permanently discontinue the use of and to no longer enforce "no-poach" language in our predecessor's agreements which restricted the ability of franchisees to hire the employees from competing franchisees and from our predecessor's corporate locations. Our predecessor further agreed to notify the AGO of any efforts by a franchisee in Washington to enforce any existing "no-poach" provision, to proactively remove "no-poach" language from each Washington franchisee's franchise agreement and to remove "no-poach" language from all other Best In Class Education Center franchise agreements upon renewal.

**WISCONSIN**

The Wisconsin Fair Dealership Law, Chapter 135 of the Wisconsin Statutes supersedes any provision of the Franchise Agreement and Supplement Agreements (if applicable) if such provision is in conflict with that law. The Franchise Disclosure Document, the Franchise Agreement and the Supplemental Agreements are amended accordingly.

*(Signatures on following page)*

**APPLICABLE ADDENDA**

If any one of the preceding Addenda for specific states (“**Addenda**”) is checked as an “Applicable Addenda” below, then that Applicable Addenda shall be incorporated into the Franchise Disclosure Document, Franchise Agreement, Supplemental Agreements (if applicable) and any other specified agreement(s) entered into by us and the undersigned franchisee. To the extent any terms of an applicable Addenda conflict with the terms of the Franchise Disclosure Document, Franchise Agreement, Supplemental Agreement (if applicable) and other specified agreement(s), the terms of the Applicable Addenda shall supersede the terms of the Franchise Agreement.

- |                                     |                                       |                                       |
|-------------------------------------|---------------------------------------|---------------------------------------|
| <input type="checkbox"/> California | <input type="checkbox"/> Michigan     | <input type="checkbox"/> South Dakota |
| <input type="checkbox"/> Hawaii     | <input type="checkbox"/> Minnesota    | <input type="checkbox"/> Virginia     |
| <input type="checkbox"/> Illinois   | <input type="checkbox"/> New York     | <input type="checkbox"/> Washington   |
| <input type="checkbox"/> Indiana    | <input type="checkbox"/> North Dakota | <input type="checkbox"/> Wisconsin    |
| <input type="checkbox"/> Maryland   | <input type="checkbox"/> Rhode Island |                                       |

Dated: \_\_\_\_\_, 202\_\_\_\_

**FRANCHISOR:**

BiC Franchise System Corporation

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

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

**FRANCHISEE:**

\_\_\_\_\_

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

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

**EXHIBIT "H"-2**

**FRANCHISEE DISCLOSURE QUESTIONNAIRE**

*[\[See Attached\]](#)*

# MAY NOT BE SIGNED OR USED IF FRANCHISEE RESIDES WITHIN, OR THE FRANCHISED BUSINESS WILL BE LOCATED WITHIN, A FRANCHISE REGISTRATION STATE<sup>1</sup>

## FRANCHISEE DISCLOSURE QUESTIONNAIRE

As you know BiC Franchise System Corporation (“we” or “us), and you are preparing to enter into a Franchise Agreement for the operation of a Best In Class Education Center franchise. We require that you complete this Questionnaire (a) so that we can determine whether our franchise sales team followed proper sales procedures and (b) to provide us with reasonable assurance that, prior to signing the Franchise Agreement, you have had an adequate opportunity to review the Franchise Disclosure Document and its attachments, consult with legal and/or business advisors of your choosing, and ask us questions about any disclosures or terms that you do not understand. **You cannot sign or date this Questionnaire the same day as the Receipt for the Franchise Disclosure Document but you must sign and date it the same day you sign the Franchise Agreement and pay your franchise fee.** Please review each of the following questions carefully and provide honest responses to each question.

- Yes\_\_ No\_\_ 1. Have you received from us and personally reviewed the Franchise Agreement and, if applicable, Area Development Agreement (“ADA”), together with all attachments to those agreements?  
*[If you answer “no,” please explain in Explanation Section]*
- Yes\_\_ No\_\_ 2. Have you received from us and personally reviewed a Franchise Disclosure Document (“FDD”)?  
*[If you answer “no,” please explain in Explanation Section]*
- Yes\_\_ No\_\_ 3. Did you sign a receipt for the FDD indicating the date you received it?
- Yes\_\_ No\_\_ 4. Do you understand all the information contained in the FDD, Franchise Agreement and ADA (if applicable)?  
*[If you answer “no,” please identify any information you don’t understand in Explanation Section]*
- Yes\_\_ No\_\_ 5. Did you receive the FDD at least 14 calendar days before signing any agreement relating to the franchise (other than an NDA) or paying any money?
- Yes\_\_ No\_\_ 6. Did you receive a complete execution copy of the Franchise Agreement and ADA (if applicable), with all material terms filled in, at least seven (7) calendar days before you signed it?
- Yes\_\_ No\_\_ 7. Have you reviewed the FDD, Franchise Agreement and ADA (if applicable) with a lawyer, accountant or other professional advisor?
- Yes\_\_ No\_\_ 8. Have you discussed the benefits and risks of developing and operating a Best In Class Education Center franchise with an existing Best In Class Education Center franchisee?
- Yes\_\_ No\_\_ 9. Do you understand the risks of developing and operating a Best In Class Education Center franchise?
- Yes\_\_ No\_\_ 10. Do you understand the success or failure of your franchise will depend in part upon your skills, abilities and efforts and those of the persons you employ as well as many factors beyond your control such as competition, interest rates, the economy, inflation, labor and supply costs and other relevant factors?
- Yes\_\_ No\_\_ 11. Do you understand all disputes or claims you may have arising out of or relating to the Franchise Agreement or ADA (if applicable) must be arbitrated in Washington if not resolved informally or by mediation?

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<sup>1</sup> Registration states include California, Hawaii, Illinois, Indiana, the State of Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin.

Yes\_\_ No\_\_ 12. Do you understand that the Franchise Agreement, ADA (if applicable) and the attachments to those agreements contain the entire agreement between us and you concerning the franchise for the Best In Class Education Center franchise, meaning any prior oral or written statements not set out in the Franchise Agreement, ADA or the attachments will not be binding?

Yes\_\_ No\_\_ 13. Did any of our employees or representatives, or any person speaking on our behalf, make any statement or promise regarding the costs involved in operating a Best In Class Education Center franchise that is not contained in the FDD or that is contrary to, or different from, the information contained in the FDD?

*[If you answer "yes," please describe the statement or promise in Explanation Section]*

Yes\_\_ No\_\_ 14. Did any of our employees or representatives, or any person speaking on our behalf, make any statement or promise regarding the training, assistance or support that will be provided to you that is not contained in the FDD or that is contrary to, or different from, the information in the FDD?

*[If you answer "yes," please describe the statement or promise in Explanation Section]*

Yes\_\_ No\_\_ 15. Did any of our employees or representatives, or any person speaking on our behalf, make any statement or promise regarding the actual, average, projected or hypothetical profits or earnings, the likelihood of success, the amount of money you may earn, or the total amount of revenue a Best In Class Education Center business may generate, other than any information included in Item 19 of the FDD?

*[If you answer "yes," please describe the statement or promise in Explanation Section]*

YOU UNDERSTAND THAT YOUR ANSWERS ARE IMPORTANT TO US AND THAT WE WILL RELY ON THEM. BY SIGNING THIS QUESTIONNAIRE, YOU ARE REPRESENTING THAT YOU HAVE CONSIDERED EACH QUESTION CAREFULLY AND RESPONDED TRUTHFULLY TO THE ABOVE QUESTIONS.

\_\_\_\_\_  
Signature of Franchise Applicant

\_\_\_\_\_  
Signature of Franchise Applicant

\_\_\_\_\_  
Name (please print)

\_\_\_\_\_  
Name (please print)

Dated \_\_\_\_\_

Dated \_\_\_\_\_

\_\_\_\_\_  
Signature of Franchise Applicant

\_\_\_\_\_  
Signature of Franchise Applicant

\_\_\_\_\_  
Name (please print)

\_\_\_\_\_  
Name (please print)

Dated \_\_\_\_\_

Dated \_\_\_\_\_

EXPLANATION SECTION

Please include any explanations below and refer to the applicable question number.

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

**EXHIBIT “H”-3**

**GENERAL RELEASE**

*[\[See Attached\]](#)*

## WAIVER AND RELEASE OF CLAIMS

This Waiver and Release of Claims (this “Agreement”) is made as of \_\_\_\_\_, 202\_\_ (the “Effective Date”) by \_\_\_\_\_, a(n) \_\_\_\_\_ (“you”) and each individual holding a direct or indirect ownership interest in you (collectively “Owner”) in favor of BiC Franchise System Corporation, a Delaware corporation (“us,” and together with you and Owner, the “Parties”).

### Background

- A. We signed a Franchise Agreement with you, dated \_\_\_\_\_, 202\_\_ (the “Franchise Agreement”) pursuant to which we granted you the right to own and operate a Best In Class Education Center education business;
- B. You have notified us of your desire to transfer the Franchise Agreement and all rights related thereto, or an ownership interest in the franchisee entity, to a transferee, [**enter into a successor franchise agreement**] and we have consented to such transfer [**agreed to enter into a successor franchise agreement**]; and
- C. As a condition to our consent to the transfer [**your ability to enter into a successor franchise agreement**], you and Owner have agreed to execute this Agreement upon the terms and conditions stated below.
- D. In consideration of our consent to the transfer [**our entering into a successor franchise agreement**], and for other good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, and intending to be legally bound, you and Owner hereby agree as set forth below.

### Agreement

1. Release. Owner, you, and each of your officers, directors, shareholders, members, owners, employees, agents, representatives, affiliates, parents, divisions, successors and assigns, and all persons or firms claiming by, through, under, or on behalf of any or all of them (the “Franchisee Parties”), hereby release, acquit and forever discharge us, any and all of our past and present affiliates, parents, subsidiaries and related companies, divisions and partnerships, consultants, advisors and franchise sellers and its and their respective past and present officers, directors, shareholders, members, owners, employees, agents, representatives, affiliates, parents, divisions, successors and assigns, and the spouses of such individuals (collectively, the “Franchisor Parties”), from any and all claims, liabilities, damages, expenses, actions or causes of action which any of the Franchisee Parties may now have or has ever had, whether known or unknown, past or present, absolute or contingent, suspected or unsuspected, of any nature whatsoever, directly or indirectly arising out of or relating to the execution and performance (or lack thereof) of the Franchise Agreement or the offer, sale or acceptance of the franchise related thereto (including, but not limited to any disclosures and representations made in connection therewith). The foregoing release shall not be construed to apply with respect to any obligations contained within this Agreement. ~~The General Release does not apply with respect to claims arising under the Washington Franchise Investment Protection Act, RCW 19.100, or the rules adopted thereunder.~~
2. California Law. You and Owner hereby express your intention to release all existing claims, whether known or unknown, against the Franchisor Parties. Accordingly, you and Owner hereby waive §1542 of the California Civil Code, which provides the following:

“A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor.”

[Section 2 only applies for California franchisees; otherwise it is omitted]

3. Washington Franchise Law. The General Release does not apply with respect to claims arising under the Washington Franchise Investment Protection Act, RCW 19.100, or the rules adopted thereunder.

[Section 3 only applies for Washington franchisees; otherwise it is omitted]

4. Nondisparagement. Each of the Franchisee Parties expressly covenant and agree not to make any false representation of facts, or to defame, disparage, discredit or deprecate any of the Franchisor Parties or

otherwise communicate with any person or entity in a manner intending to damage any of the Franchisor Parties, the business conducted by any of the Franchisor Parties or the reputation of any of the Franchisor Parties. For purposes of clarity, the obligations in this Section apply to all methods of communications, including the making of statements or representations through direct verbal or written communication as well as the making of statements or representations on the Internet, through social media sites or through any other verbal, digital or electronic method of communication. The obligations in this Section also prohibit the Franchisee Parties from indirectly violating this Section by influencing or encouraging third parties to engage in activities that would constitute a violation of this Section if conducted directly by a Franchisee Party.

5. Representations and Warranties. You and Owner each represent and warrant that: (a) [Insert franchisee entity name] is duly authorized to execute this Agreement and perform its obligations hereunder; (b) neither you nor Owner has assigned, transferred or conveyed, either voluntarily or by operation of law, any of their rights or claims against any of the Franchisor Parties or any of the rights, claims or obligations being terminated or released hereunder; (c) you and Owner have not and shall not (i) institute or cause to be instituted against any of the Franchisor Parties any legal proceeding of any kind, including the filing of any claim or complaint with any state or federal court or regulatory agency, alleging any violation of common law, statute, regulation or public policy premised upon any legal theory or claim whatsoever relating to the matters released in this Agreement or (ii) make any verbal, written or other communication that could reasonably be expected to damage or adversely impact any Franchisor Party's reputation or goodwill; and (d) the individuals identified as Owners on the signature pages hereto together hold 100% of the legal and beneficial ownership interests in [Insert franchisee entity name].

6. Communications with Governmental Authorities. Nothing in this Agreement shall restrict or be deemed to preclude you from disclosing truthful information to governmental authorities in response to any request for information you receive from them.

6.7. Miscellaneous.

- (a) The Parties agree that each has read and fully understands this Agreement and that the opportunity has been afforded to each Party to discuss the terms and contents of said Agreement with legal counsel and/or that such a discussion with legal counsel has occurred.
- (b) This Agreement shall be construed and governed by the laws of the State of Washington.
- (c) In the event that it shall be necessary for any Party to institute legal action to enforce, or for the breach of, any of the terms and conditions or provisions of this Agreement, the prevailing Party in such action shall be entitled to recover all of its reasonable costs and attorneys' fees.
- (d) All of the provisions of this Agreement shall be binding upon and inure to the benefit of the Parties and their respective current and future directors, officers, partners, attorneys, agents, employees, shareholders and the spouses of such individuals, successors, affiliates, and assigns.
- (e) This Agreement contains the entire agreement and understanding between the Parties with respect to the subject matter hereof and supersedes and is in lieu of all prior and contemporaneous agreements, understandings, inducements and conditions, expressed or implied, oral or written, of any nature whatsoever with respect to the subject matter hereof. This Agreement may not be modified except in a writing signed by each of the Parties.
- (f) If one or more of the provisions of this Agreement shall for any reason be held invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect or impair any other provision of this Agreement, but this Agreement shall be construed as if such invalid, illegal or unenforceable provision had not been contained herein.
- (g) The Parties agree to do such further acts and things and to execute and deliver such additional agreements and instruments as any Party may reasonably require to consummate, evidence, or confirm the transactions contemplated hereby.

- (h) This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute but one document.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date first written above.

**FRANCHISEE:**

\_\_\_\_\_

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

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

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

**FRANCHISE OWNERS:**

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

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

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

**EXHIBIT “H”-4**

**SATELLITE OFFICE ADDENDUM**

*[\[See Attached\]](#)*

## SATELLITE OFFICE ADDENDUM

This Satellite Office Addendum (this “Addendum”) is entered into this \_\_\_\_ day of \_\_\_\_\_, 202\_\_ (the “Effective Date”), between BiC Franchise System Corporation, a Delaware corporation (“us”) and \_\_\_\_\_, a(n) \_\_\_\_\_ (“you”). You and we are collectively referred to as the “Parties.”

### RECITALS

- A. The Parties executed a Best in Class Education Center Franchise Agreement (the “Franchise Agreement”) dated \_\_\_\_\_, 202\_\_, pursuant to which we granted you the right and license to operate a Best In Class Education Center at the following address: [ \_\_\_\_\_ ] (your “Center”).
- B. The Franchise Agreement authorizes you to operate your Center only at the approved location. In addition to operating your Center, you have requested that we grant you the right to develop, own and operate a separate Satellite Office (as defined herein).
- C. For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree hereby agree to the terms and conditions set forth below:

### AGREEMENT

~~1. Definitions. DEFINITIONS. Capitalized terms used in this Agreement~~ **NOT DEFINED ABOVE**  
~~have the meanings given to them below:~~

~~“Addendum” is, OR IF NOT defined in BELOW, the Introductory Paragraph.~~

~~1. “ALTERNATIVE CHANNELS OF DISTRIBUTION” HAS THE MEANING meanings given to **SUCH TERM** them in the Franchise Agreement.~~

~~“Center” means the Best In Class Education Center you operate pursuant to the Franchise Agreement, as further described in Recital A to this Addendum. It does not include a Satellite Office.~~

~~“Center Territory” means the geographic area described in Part D of Attachment A to the Franchise Agreement that comprises the protected territory associated with your Center.~~

~~“Effective Date” is defined in the Introductory Paragraph.~~

~~“Franchise Agreement” means the Franchise Agreement granting you the right to develop, own and operate the Center, as further described in Recital A to this Addendum.~~

~~“Intellectual Property” has the meaning given to such term in the Franchise Agreement.~~

~~“Learning Management System” or “LMS” has the meaning given to such term in the Franchise Agreement.~~

~~“Marks” has the meaning given to such term in the Franchise Agreement.~~

~~“Parties” is defined in the Introductory Paragraph.~~

~~“Satellite Office” means a Best In Class Education Center that: (a) consists of “temporary space” that is not subject to a lease of more than 12 months in duration; and (b) consists of space that is shared between you (or other owner of the Satellite Office) and one or more other businesses or organizations. Examples include churches, temples, libraries, HOA buildings, YMCAs, Boys & Girls Clubs, community centers, schools, and similar types of facilities.~~

~~“Satellite Office Fee” means the initial franchise fee you pay to us pursuant to §7 of this Addendum for the acquisition of the right to develop, own and operate the Satellite Office.~~

~~“Satellite Office Territory” means the geographic area described in Part B of ATTACHMENT A to this Addendum or the Territory Approval Notice we issue to you, as applicable, that comprises the protected territory associated with your Satellite Office.~~

~~“Site Approval Notice” means the Site Approval Notice attached hereto as ATTACHMENT B that we issue~~

to you in accordance with ~~§3~~§3 of this Addendum to identify the approved site for your Satellite Office (if the approved site for your Satellite Office is undetermined as of the Effective Date).

“*Territory Approval Notice*” means the Territory Approval Notice attached hereto as ATTACHMENT C that we issue to you in accordance with ~~§4~~§4 of this Addendum to identify the boundaries of your Satellite Office Territory (if the Satellite Office Territory is undetermined as of the Effective Date).

~~“Transfer” has the meaning given to such term in the Franchise Agreement.~~

- ~~2. 2. — GRANT OF RIGHTS. GRANT OF RIGHTS.~~ We hereby grant you the right to establish and operate one (1) Satellite Office from a site we approve in accordance with ~~§3~~§3 of this Addendum. Your Satellite Office must: (a) consist of “temporary space” that is not subject to a lease of more than 12 months in duration; and (b) be shared between you and one or more other businesses or organizations. Examples of satellite offices include churches, temples, libraries, HOA buildings, YMCAs, Boys & Girls Clubs, community centers, schools, and similar types of facilities.
- ~~3. 3. — SITE APPROVAL. SITE APPROVAL.~~ You must ~~LOCATE~~ identify and obtain our approval of the premises for your Satellite Office within 120 days after the Effective Date. The premises must be located inside the Center Territory (unless we agree to the contrary) and conform to our minimum site selection criteria. You must send us a complete site report that includes all ~~DEMOGRAPHIC, COMMERCIAL AND OTHER~~all documents, information, ~~PHOTOGRAPHS~~photos and ~~VIDEOS~~video we require. We may accept or reject ~~EACH SITE~~sites you propose in our commercially reasonable judgment. We ~~WILL USE BEST EFFORTS~~try to ~~ISSUE~~notify you of our ~~APPROVAL OR DISAPPROVAL~~decision within 15 days after we receive all ~~OF THE~~ requisite materials. Your site is deemed disapproved if we ~~FAIL TO~~do not issue our ~~WRITTEN~~approval within the 15-day period. If we approve the site for your Satellite Office ~~PRIOR TO THE EFFECTIVE DATE, THEN~~before signing this Addendum, we will list the address of ~~THE~~your approved site ~~WILL BE LISTED~~ in Part A of ATTACHMENT A to this Addendum. ~~IF~~Otherwise, we ~~DO NOT APPROVE~~list the ~~SITE FOR~~address of your ~~SATELLITE OFFICE PRIOR~~approved site in a Site Approval Notice we send to ~~THE EFFECTIVE DATE, THEN~~you within 15 days after we approve ~~THE SITE WE WILL SEND YOU A SITE APPROVAL NOTICE THAT IDENTIFIES THE ADDRESS OF THE APPROVED SITE FOR YOUR SATELLITE OFFICE~~your site. Within five (5) business days after we send you the Site Approval Notice, you must sign and date the franchisee acknowledgment section and send us a copy for our records. Our approval of the site ~~SHALL BE DEEMED~~and designation of your Satellite Office Territory is immediately effective and binding ~~ON YOU~~at the time we issue the Site Approval Notice, ~~REGARDLESS OF WHETHER~~ even if you ~~SEND US~~do not sign the ~~SIGNED~~acknowledgment; *provided, however,* you have five (5) business days after receipt of the Site Approval Notice to suggest changes to your Satellite Office Territory (which may, but need not, accept). Our approval of a site ~~DOES~~is not ~~CONSTITUTE~~ a representation or warranty of any kind, express or implied, of the suitability of the site for a Satellite Office. It ~~INDICATES~~only ~~THAT~~means we believe the site meets our minimum criteria.
- ~~4. 4. — SATELLITE OFFICE TERRITORY. SATELLITE OFFICE TERRITORY.~~ We will grant you a protected territory for your Satellite Office (your “Satellite Office Territory”) that will include between 7,500 and 9,000 students between the ages of 5 and 17 (as of the date we determine the boundaries of your Satellite Office Territory). ~~UNLESS WE AGREE OTHERWISE,~~If your Satellite Office is located inside your Center Territory, then your Satellite Office Territory will consist of the same geographic area that comprises the Center Territory. ~~YOUR~~If your Satellite Office is located outside your Center Territory, then we will ~~BE IDENTIFIED~~designate the boundaries of your Satellite Office Territory: (a) in Part B of ATTACHMENT A to this Addendum (if we designate your Satellite Office Territory prior to the Effective Date); or (b) in the Territory Approval Notice we issue to you within 15 days after approving the site for your Satellite Office (if we do not designate your Satellite Office Territory prior to the Effective Date). Your Satellite Office Territory, if different than your Center Territory, must be located adjacent to your Center Territory. During the term of this Addendum, we will not develop or operate, or license a third party to develop or operate, a Center or a Satellite Office that is ~~PHYSICALLY~~located ~~WITHIN~~in your Satellite Office Territory except as otherwise provided in this Section ~~WITH RESPECT TO ACQUISITIONS~~. At any time during the term of this Addendum, we reserve the right to engage in

~~Acquisitions, EVEN IF AS A~~ that involve, or subsequently result ~~OF AN ACQUISITION ONE OR MORE COMPETITIVE BUSINESSES~~ in, conversion of the acquired or acquiring ~~COMPANY BEGIN USING OUR INTELLECTUAL PROPERTY (INCLUDING OUR MARKS) AND~~ company's outlets to BEST IN CLASS EDUCATION CENTER<sup>®</sup> outlets, even if those outlets are located ~~WITHIN YOUR~~ in the Satellite Office Territory. We reserve the right to sell, and license third parties to sell, competitive or identical goods and services (including under the Marks) through Alternative Channels of Distribution, including within the Satellite Office Territory and you are not entitled to any compensation for these sales.

- ~~5. 5. — DEVELOPMENT AND OPERATION OF SATELLITE OFFICE.~~ **DEVELOPMENT AND OPERATION OF SATELLITE OFFICE.** The development and operation of your Satellite Office shall be subject to all of the terms of the Franchise Agreement other than the following Sections of the Franchise Agreement which shall not apply: §2 (Grant of Franchise); §3 (~~TERRITORIAL RIGHTS AND LIMITATIONS~~ Territory); §4 (Term and Renewal); §5 (Training and Conferences); §6.3 (Opening Assistance); §7 (Establishing your ~~BUSINESS~~ Center); §12 (Minimum Performance Requirements); §14.1 (Initial Franchise Fee); and the provisions in §21.1 (Termination By You) requiring you to comply with various procedural requirements in order to terminate without cause, but the remaining provisions in §21.1 ~~HALL~~ shall apply to the Satellite Office. You must open your Satellite Office no later than 180 days after the Effective Date.
- ~~6. 6. — TERM AND TERMINATION.~~ **TERM AND TERMINATION.** The term of this Addendum shall commence upon the Effective Date and expire upon the expiration, termination or transfer of the Franchise Agreement. You may terminate this Addendum upon notice to us if you close your Satellite Office. Your termination of this Addendum due to the closure of your Satellite Office shall not be deemed grounds for termination of the Franchise Agreement by either Party. We may also terminate this Addendum if you breach any of your obligations under this Addendum or the Franchise Agreement and fail to cure such breach within the applicable cure period. A breach of any term of this Addendum shall have a 30-day cure period.
- ~~7. 7. — SATELLITE OFFICE FEE.~~ **SATELLITE OFFICE FEE.** You agree to pay us, in one lump sum, a satellite office fee in the amount designated in Part C of ATTACHMENT A to this Addendum (the "Satellite Office Fee"). The Satellite Office Fee is earned in full upon receipt and is nonrefundable.
- ~~8. 8. — LEARNING MANAGEMENT SYSTEM.~~ **LEARNING MANAGEMENT SYSTEM.** You must acquire and utilize BCP-LMS at your Satellite Office. You must pay a separate initial setup and configuration fee and separate ongoing ~~LICENSING FEES AND CURRICULUM DISTRIBUTION FEES~~ BCP-LMS Monthly Fees for use of BCP-LMS at your Satellite Office in accordance with ~~§6.2~~ 14.3 of the Franchise Agreement, ~~IF YOU PURCHASED~~ (including if your Center ~~FROM OUR PREDECESSOR, BEST IN CLASS EDUCATION~~ is a Legacy Center, LLC, AND YOU CHOOSE TO CONTINUE TO PURCHASE EDUCATIONAL MATERIALS FROM OUR AFFILIATE LBIS THROUGH THE BC PORTAL, THEN YOU WILL INSTEAD PAY US, IN ACCORDANCE WITH §6.2 OF THE FRANCHISE AGREEMENT, (A) A SEPARATE \$2,000 BC PORTAL IMPLEMENTATION FEE FOR EACH SATELLITE OFFICE; AND IF YOU DID NOT EXECUTE A REMOTE LEARNING PARTICIPATION ADDENDUM, YOU WILL PAY A MONTHLY AMOUNT CALCULATED AS A "BASE FEE" (CURRENTLY \$4) MULTIPLIED BY THE TOTAL NUMBER OF SUBJECTS BEING TAUGHT TO ALL STUDENTS ENROLLED AT YOUR CENTER AT THE END OF THE PRIOR MONTH (MATHEMATICS, ENGLISH AND STEM ARE EACH CONSIDERED A SEPARATE "SUBJECT") (THE BASE FEE SHALL INCREASE BY \$1 EVERY JANUARY 1ST UNTIL IT IS EQUAL TO THE BASE FEE CHARGED FOR LMS), AND AN ONGOING MONTHLY CURRICULUM DISTRIBUTION FEE CALCULATED AS THE SUM OF (I) 2% OF THE DIFFERENCE BETWEEN YOUR GROSS SALES MINUS YOUR ENRICHMENT SALES FROM THE PRIOR MONTH PLUS (II) 1% OF YOUR SPECIAL PROGRAM SALES FROM THE PRIOR MONTH; OR, IF YOU EXECUTED A REMOTE LEARNING PARTICIPATION ADDENDUM, YOU WILL PAY A MONTHLY AMOUNT WHICH IS CURRENTLY \$8 PER STUDENT PER SUBJECT PER MONTH (MATHEMATICS, ENGLISH AND STEM ARE EACH CONSIDERED A SEPARATE "SUBJECT"), AND AN ONGOING MONTHLY CURRICULUM DISTRIBUTION FEE CALCULATED AS THE SUM OF (I) 2% OF THE DIFFERENCE BETWEEN YOUR GROSS

~~SALES MINUS YOUR ENRICHMENT SALES FROM THE PRIOR MONTH PLUS (H) 1% OF YOUR SPECIAL PROGRAM SALES FROM THE PRIOR MONTH (THE LICENSING FEE MAY BE INCREASED ON AN ANNUAL BASIS BY \$2 MONTHLY PER STUDENT PER SUBJECT, UPON 90 DAYS' PRIOR NOTICE, BUT WILL NOT EXCEED \$15 PER STUDENT PER SUBJECT PER MONTH DURING THE TERM OF THE FRANCHISE AGREEMENT). NO LATER THAN THE DISCONTINUATION DATE, YOU MUST FULLY MIGRATE TO LMS AT YOUR OWN EXPENSE, AND COMMENCE PAYMENT TO US OF THE LMS LICENSING FEE IMPOSED UNDER THE FRANCHISE AGREEMENT.~~ ). You must pay a separate technology fee of \$100 per month per Satellite Office (the technology fee may be increased to a maximum of \$200 per month per Satellite Office upon 30 days' notice).

~~8. 9. CONVERSION TO DEDICATED BRICK AND MORTAR CENTER.~~CONVERSION TO DEDICATED BRICK AND MORTAR CENTER. With our prior written approval, which may be withheld in our commercially reasonable discretion, you may convert your Satellite Office to a dedicated brick and mortar ~~BEST IN CLASS EDUCATION CENTER~~BEST IN CLASS EDUCATION CENTER® following the opening of the Satellite Office. In order to effectuate such a conversion, you must: (a) sign our then-current form of ~~BEST IN CLASS EDUCATION CENTER~~ Franchise Agreement for the converted Satellite Office; and (b) pay us an additional initial franchise fee equal to the difference between the Satellite Office Fee paid for the Satellite Office and our then-current initial franchise fee that would apply to a dedicated brick and mortar ~~BEST IN CLASS EDUCATION CENTER~~BEST IN CLASS EDUCATION CENTER®. If you convert your Satellite Office, the Center Territory under the franchise agreement for your converted Satellite Office will consist of the same geographic area that comprises your Satellite Office Territory under this Addendum.

~~9. 10. TRANSFER~~TRANSFER. You may not Transfer your Satellite Office except in connection with an approved Transfer of your Center.

~~10. 11. MISCELLANEOUS.~~MISCELLANEOUS.

- (a) Modification. This Addendum and the Franchise Agreement (as previously amended) when executed constitute the entire agreement and understanding between the Parties with respect to the subject matter contained herein and therein. Any and all prior agreements and understandings between the Parties and relating to the subject matter contained in this Addendum and the Franchise Agreement, whether written or verbal, other than as contained within the executed Addendum and Franchise Agreement, are void and have no force and effect. In order to be binding between the Parties, any subsequent modifications must be in writing signed by both of the Parties.
- (b) Effect on Agreement. Except as specifically modified or supplemented by this Addendum, all terms and conditions in the Franchise Agreement remain in full force and effect.
- (c) Inconsistency. In the event of any inconsistency between the executed Franchise Agreement and this Addendum, this Addendum shall prevail.
- (d) Counterparts. This Addendum may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute but one and the same document.

\* \* \*

~~IN~~ ~~WITNESS~~ ~~WHEREOF,~~ ~~the~~ ~~Parties~~

The parties below have executed this Addendum ~~on~~ effective as of the ~~date~~ Effective Date first ~~set forth~~ above written.

**FRANCHISOR:**

BiC Franchise System Corporation, a Delaware corporation

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

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

Its: \_\_\_\_\_

**YOU (If you are an entity):**

\_\_\_\_\_,  
a(n) \_\_\_\_\_

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

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

Its: \_\_\_\_\_

**YOU (If you are not an entity):**

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

**ATTACHMENT A**  
**TO SATELLITE OFFICE ADDENDUM**

**DEAL TERMS**

**A. Approved Site-**

We hereby approve the site listed below for your Satellite Office.

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

\* *If the site for your Satellite Office has not been approved by us at the time this Addendum is signed, we will send you a Site Approval Notice in accordance with ~~§3~~§3 of the Addendum listing the address of the approved site for your Satellite Office.*

**B. Satellite Office Territory-**

The Satellite Office Territory for your Satellite Office shall consist of the following (check appropriate box):

The same geographic area comprising the Center Territory under the Franchise Agreement

The following geographic area (as further depicted on the map attached below):

[ \_\_\_\_\_ ]

If there are any changes to the zip codes or other boundaries that define your Satellite Office Territory during the term of the Addendum or any renewal term, then, unless otherwise agreed to by you and us in writing, the boundaries of your Satellite Office Territory shall remain defined by the zip codes or other boundaries in effect as of the Effective Date of this Addendum and depicted on the map below. You may provide suggestions for the Satellite Office Territory but we ultimately have sole discretion to determine the boundaries of your Satellite Office Territory.

*[Insert Map Below (if applicable)]*

\* *If your Satellite Office Territory is not defined at the time you sign this Addendum, we will send you a Territory Approval Notice in accordance with ~~§4~~§4 of the Addendum within 15 days after we approve the site for your Satellite Office that includes a description of your Satellite Office Territory with a protected territory map. Your Satellite Office Territory will include between 15,000 and 18,000 students between the ages of 5 and 17.*

**C. Satellite Office Fee-**

You agree to pay us the following Satellite Office Fee (check appropriate box):

\$5,000 (if Satellite Office is located inside your Center Territory)

~~\$17~~22,500 (if Satellite Office is located outside your Center Territory)

**ATTACHMENT B**  
**TO SATELLITE OFFICE ADDENDUM**

**FORM OF SITE APPROVAL NOTICE**

*[See Attached]*

**SITE APPROVAL NOTICE**

BiC Franchise System Corporation (“we” or “us”) is issuing this Site Approval Notice (this “Notice”) to \_\_\_\_\_ (“you”), effective \_\_\_\_\_, 202\_\_\_\_, in connection with the Satellite Office Addendum (the “Addendum”) that we executed with you on \_\_\_\_\_, 202\_\_\_\_. The purpose of this Notice is to confirm our approval of the site you proposed for your Satellite Office in accordance with §3 of the Addendum.

**Approved Address for Satellite Office:**

We hereby approve the site listed below for your Satellite Office:

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

\* \* \*

By signing below, you and we agree that the address identified in this Notice shall be deemed the approved site for your Satellite Office established and operated pursuant to the Addendum. You acknowledge and agree that our acceptance of the site you proposed is in no way a representation by us that your site will be successful. Rather, our acceptance merely indicates the site meets our minimum standards and requirements.

We request that you sign below and send us an executed copy of this Notice to acknowledge your receipt. However, your failure or refusal to sign below will not invalidate or otherwise affect our designation of your approved site. Our designation of your approved site, as set forth in this Notice, shall be binding on you effective as of the effective date listed in the first paragraph in this Notice.

**Franchisor**

**Franchisee**

BiC Franchise System Corporation

[ \_\_\_\_\_ ]

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

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

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

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

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

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

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

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

ATTACHMENT C  
TO SATELLITE OFFICE ADDENDUM  
FORM OF TERRITORY APPROVAL NOTICE

*[See Attached]*

**TERRITORY APPROVAL NOTICE**

BiC Franchise System Corporation (“we” or “us”) is issuing this Territory Approval Notice (this “Notice”) to \_\_\_\_\_ (“you”), effective \_\_\_\_\_, 202\_\_\_\_, in connection with the Satellite Office Addendum (the “Addendum”) that we executed with you on \_\_\_\_\_, 202\_\_\_\_. The purpose of this Notice is to confirm our approval of the boundaries of the Satellite Office Territory in accordance with §4 of the Addendum.

**Satellite Office Territory:**

The Satellite Office Territory for your Satellite Office shall consist of the following geographic area (as further depicted on the map attached below):

[ \_\_\_\_\_ ]

If there are any changes to the zip codes or other boundaries that define your Satellite Office Territory during the term of the Addendum or any renewal term, then, unless otherwise agreed to by you and us in writing, the boundaries of your Satellite Office Territory shall remain defined by the zip codes or other boundaries in effect as of the date of this Notice and depicted on the map below. You may provide suggestions for the Satellite Office Territory but we ultimately have sole discretion to determine the boundaries of your Satellite Office Territory.

*[Insert Map Below (if applicable)]*

\* \* \*

By signing below, you and we agree that the geographic area described in this Notice under “Satellite Office Territory” shall be deemed your Satellite Office Territory under the Addendum for your Satellite Office.

We request that you sign below and send us an executed copy of this Notice to acknowledge your receipt. However, your failure or refusal to sign below will not invalidate or otherwise affect our designation of your Satellite Office Territory. Our designation of your Satellite Office Territory, as set forth in this Notice, shall be binding on you effective as of the effective date listed in the first paragraph in this Notice.

**Franchisor**

**Franchisee**

BiC Franchise System Corporation

[ \_\_\_\_\_ ]

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

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

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

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

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

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

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

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

**EXHIBIT “H”-5**

**SOCIAL MEDIA POLICY**

*[See Attached]*

# Social Media Policy for Franchisees

## 1. Introduction

BiC Franchise System Corporation (“Franchisor”) recognizes the opportunities for Best in Class Franchisees (“Franchisees”) to participate in interactive discussions and share information using a variety of “Social Media,” including, but not limited to Facebook, Twitter, Pinterest, YouTube, blogs, podcasts and other social networking websites, apps, comment sections, etc. “Franchisees” use of Social Media can pose risks to “Franchisor’s” confidential and proprietary information, reputation, and brands. To minimize these risks, and to ensure that brand standards are maintained and that trademarks are used appropriately, “Franchisor” requires its “Franchisees” to adhere to the following guidelines and rules regarding Social Media use.

## 2. Rights & Ownership

“Franchisor” has the right to ownership of all “Franchisees” Social Media accounts. All Social Media accounts and intellectual property created or used by “Franchisees” to promote or market the franchised business (“Social Media Marketing Material”) or the Franchise System belong solely to “Franchisor”. “Franchisor” shall own and have the right to control all “Social Media Marketing Material” whether “Franchisee” creates the account or uses, manages, or accesses it. “Social Media Marketing Material” includes any and all login information, data, passwords, trademarks, and content related to the account, including all followers, subscribers, and contacts. Username and password information for all “Social Media Marketing Material” shall be reported to “Franchisor” and not changed without prior authorization from “Franchisor”. “Social Media Marketing Material” does not include Social Media accounts that are created or used by “Franchisees” exclusively for “Franchisees” personal use.

“Franchisor” reserves the right to monitor content produced by “Franchisee”. Although “Franchisee” will have access to individual pages, “Franchisor” reserves the right to post, edit, or remove content on “Franchisee” individual pages and/or created by “Franchisee” on Social Media. All postings by “Franchisor” are final, and may not be deleted or altered by “Franchisee”. This policy is subject to change at any time. “Franchisor” has the right to monitor all “Franchisee” public Social Media accounts and activity.

## 3. Purpose & Principles

“Franchisees” may use Social Media to promote their franchised business and to engage with the community to build brand loyalty. “Franchisee” must read and sign this Social Media Policy prior to creating any social media accounts. All “Franchisee” Social Media accounts must be approved by “Franchisor” prior to “Franchisee” creating Social Media accounts. “Franchisee” is responsible for obtaining likes, followers, and check-ins for individual pages. “Franchisee” will abide by the following principles:

1. Be professional; you are an ambassador for Best in Class both on and off the job.
2. Be honest and objective.
3. Be responsible and respectful.
4. Post meaningful content.
5. Remember that your online comments are permanent, and may be republished in other media.
6. Obey the laws and do not plagiarize. Be aware that anti- trust, libel, copyright, right of publicity, privacy, and data protection laws apply. Be aware that special laws apply to interactions with minors and additional restrictions apply to interactions with persons under the age of 13.
7. Respect proprietary information and confidentiality of clients, staff, and internal operations of Best in Class Education.

8. Do not engage in activities nor comment on behalf of Best in Class Education unless authorized.
9. If you are in doubt, avoid any contribution until you have received permission.
10. Even in your private communications, don't forget that you are a representative of Best in Class Education.

#### **4. Account Creation**

Franchisees must obtain approval before establishing a business account for Best in Class Education.

##### **4.1 Obtaining Approval**

“Franchisees” use of Social Media for company use is governed by the terms of the franchise agreement, the Operations Manual/Standard Operating Procedure (SOP), and this policy. “Franchisor” reserves the right to require “Franchisee” to discontinue use of a particular Social Media account at any time. No “Franchisee” may create any blog, social media page, website, or any other social or online media presence that incorporates the trademarks or other intellectual property of “Franchisor” without prior authorization from “Franchisor”.

##### **4.2 Naming Conventions**

If “Franchisee” receives authorization to create a Social Media account, “Franchisee” is required to use our approved naming convention for the account name. The Social Media account requested for use must either be on the “Franchisor’s” approved list or approved in advance by “Franchisor”. “Franchisor” reserves the right to own the username/handle even when it is no longer part of the franchise system.

#### **5. Account Appearance**

“Franchisee” account will be modeled after “Company” pages.

##### **5.1 Basics**

- Cover photo and profile picture shall be the same as the Corporate page
- “About” information shall be the same as Corporate Page, see “Account Specifics” for more information.
- “Franchisees” are required to include a link to [www.bestinclasseducation.com](http://www.bestinclasseducation.com) on all social media sites and include links to the official “Company” social media pages.

##### **5.2 Visuals**

All pages, profiles, and posts on “Franchisee” Social Media accounts must comply with “Franchisor’s” brand guidelines according to Franchise Agreement and this policy.

All Social Media posts on “Franchisee” accounts are considered “Franchisor’s” marketing materials. Use only approved trademarks, trade names, slogans, logos, and other media. Do not insert any “Company” “Social Marketing Material” onto an unapproved image or video.

##### **5.3 Image Library**

Original images shall be derived from stock photos available in the google drive.

##### **5.4 Formatting**

Ensure photos are sized to each specific Social Media platform. Photos must be resized rather than cropped to fit the correct ratios.

##### **5.5 Account Specifics**

5.5.1 The Parent Page (Best in Class Corporate Facebook Page) will own and possess ultimate control of all child pages (individual location-based pages). “Franchisor” will operate the Best in Class Education main

corporate page. “Franchisor” will provide access to an individual location-based Facebook page for “Franchisee”, which falls under the main corporate page.

All posts from the corporate Facebook page are permanent, and will be displayed on individual location-based pages under any and all circumstances. “Franchisee” does not have permission to edit or delete any content produced by the corporate Facebook page.

“Franchisee” can obtain editor access to this individual location-based page upon signing this Social Media Policy.

“Franchisee” editor access to this individual location-based page includes:

- Editing the page
- Adding apps to the page
- Going live as the page from a mobile device
- Creating and deleting posts as the page
- Sending messages as the page
- Responding to and deleting comments as the page
- Removing and adding people from and to the page
- Creating advertisements and promotions with prior approval from “Franchisor”
- Boosting posts
- Viewing insights

“Franchisee” will incorporate the same information provided below on the individual location-based page, given that any information in brackets will be changed to “Franchisee” specific location information.

Website: <https://www.facebook.com/BestInClassEducationCenter/> [FRANCHISEE FACEBOOK WEBSITE]

Username/handle: @BestinClassEducationCenter [FRANCHISEE USERNAME]

- About page:

- Info: Tutor/Teacher Franchising Service
- Website: <https://www.bestinclasseducation.com>
- Mission:

Best in Class Education is not just our name, but our motto as well. In addition to giving top of the line education from quality instructors, we offer a fully customizable approach towards learning that is sure to move your children towards the head of their class. With weekly testing and fully developed course materials, we monitor students' progress every step of the way. Your children will gain a sense of confidence and excitement towards learning unlike any they have experienced before. Get started today and give your children the gift of a lifetime.

Individual needs require individual attention. That is why at Best In Class Education Center our teachers monitor each student's progress through daily homework exercises and weekly tests and provide tailored help to meet each student's specific needs.

- Contact Info:
  - Call: (888) 683-8108 [FRANCHISEE PHONE NUMBER]
  - Message: @BestInClassEducationCenter [FRANCHISEE USERNAME]
  - E-Mail: [info@bestinclasseducation.com](mailto:info@bestinclasseducation.com) [FRANCHISEE EMAIL]
  - Website: <https://www.bestinclasseducation.com> [FRANCHISEE WEBSITE]
  - More info:
    - About: Our goal is to motivate and encourage students to learn the principles of mathematics and English in a way that they will find rewarding and enjoyable.
    - Products: Tutoring Service Pre-K through 12th Grade; SAT / ACT and Gifted Test Prep

- Category: Tutor/Teacher – Franchising Service
- Story: Best in Class Education Centers are institutions specialized in tutoring Mathematics and English for both enrichment and remedial purposes. Opened in Washington in 1995, Best In Class Education Center is committed to strengthening students' analytical and reasoning skills through our tailor-made teaching materials and professional guidance.

The exercises are carefully formulated and tested so as to provide students with enough drilling in different aspects. They enable students to have a complete revision of their learned topics. As an educator, we encourage students to develop their potentials and make progress whenever possible. Therefore, if students are capable of learning something ahead of their day school curriculum schedules, they can proceed to learn and practice it under our step-by-step guidance. In fact, some students are doing mathematics three grades higher than in day school. This learn-at-your-own-pace approach renders the learning process more flexible and prepares students for their future academic needs.

- Milestones: Best in Class reaches 1,000 fans: 2013

### 5.5.2 Twitter

Website: <https://twitter.com/bestinclassedu>

Username/Handle: @BestinClassEdu

- About: Best in Class Education is our name and motto. We offer best in class education from quality instructors. Give your child the gift of a lifetime

### 5.5.3 LinkedIn

Website: <https://linkedin.com/company/best-in-class-education>

- About: Best in Class Education is not just our name, but our motto as well. In addition to giving top-of-the-line education from quality instructors, we offer a fully customizable approach towards learning that is sure to move your children toward the head of their class. With weekly testing and fully developed course materials, we monitor each student's progress every step of the way. Your children will gain a sense of confidence and excitement towards learning unlike any they have experienced before. Get started today and give your children the gift of a lifetime.
- Specialties: Education, Tutoring, Math, English, Test Preparation, SAT/ACT Preparation, Enrichment.
- Website: <http://bestinclasseducation.com/>
- Industry: Education Management
- Type: Educational
- Headquarters: 2100 E Spruce St Seattle, WA 98122 United States
- Founded: 1995

## 6 Usage

### 6.1 Best Practices for Posting Content

- **Add value:**  
Contribute to the community by adding value and keeping material focused and relevant to education-related topics. Social communication should help our parents, students, and staff. To add value, content should improve knowledge, build skills, help solve problems, build problem-solving abilities, or provide further understanding of our “company,” services, and/or values.

- **Be engaging:**  
Social Media promotes the franchised business and engages with customers. Engage in conversation with customers and prospective ones. Social Media should not simply be used to sell; instead it exists to communicate and to build value. Read what others are posting, don't just post your own content. Seek first to understand your audience. Be proactive, get involved, and stay involved with your communities.
- **Be objective:**  
Never give an opinion that can be construed as judgmental. Do not talk about politics or religion. Keep it all about the business and the type of information that adds value and is interesting and entertaining. Never share anything you wouldn't say to all parties involved.
- **Do not oversell:**  
Use social media to send coupons and offers from time to time, but always seek approval before posting offers and remember to maintain balance. That is, your communications should not be only about sending coupons or sharing offers.
- **Be positive and respectful:**  
Encourage, commend, and build up the members of your community. Do not post or link to any materials that are defamatory, harassing, or indecent. Never criticize your competitor. Always be respectful.
- **Be professional:**  
Be careful of whose and what messages you repost. You can be judged by the company you're associated with. Make sure that you always associate with people online the same way you do offline.

## 6.2 Voice

### 6.2.1 Community Engagement (Posts, Comments, and Replies)

- Write in first-person perspective as the "Franchisee". This entails using the username/handle as the "speaker", and using pronouns such as, 'we,' 'us,' and 'our'.
- Only speak on behalf of the "Company" upon receipt of prior approval from the "Franchisor."
- Use a friendly and engaging voice while maintaining a professional tone. The voice should be fun, simple, easy to read, and informative.
- Be positive and encouraging.
- Use spell check and check your grammar.
- Social Media is conversational, so talk to your readers like you would talk to real people in professional situations. Encourage comments. You can also broaden the conversation by citing other experts (not competitors) in your blogs, or by sharing or reposting other content.

### 6.2.2 Crisis Management (Negative Reviews/Criticism)

If "Franchisee" receives a negative review or comment on any "Social Media Marketing Material", special consideration must be taken on the approach to the response.

- Do not accept or deny responsibility.
- Be polite.
- Be concise.
- Do not argue with a complaint, instead, offer to discuss the complaint via private messaging to better assist the customer. Example: "I'm sorry you had that experience, please send us a private message so that we can better assist you."

### 6.3 Scheduled Usage

- “Franchisee” will have regular scheduled postings at least 4 (four) times a month.

### 6.4 Personal Usage

Keep in mind that you are a representative of Best in Class on and off the job. Personal posts, comments, and pictures may reflect on Best in Class if made public. “Franchisee” should use his/her best judgment while posting anything online that could be considered harmful or inappropriate.

Best Practices for Personal Usage:

- Avoid using profanity.
- Do not make defamatory or disparaging comments.
- Do not use Social Media to threaten, harass, or intimidate.
- Do not pick fights or be overly aggressive.
- Avoid discussions about politics or religion.
- Avoid posting in anger.

### 6.5 Restrictions

“Franchisee” speaks for itself and not the “Franchisor”. “Franchisee” is not permitted to make any statements on its Social Media accounts on behalf of the “Franchisor” unless specifically authorized to do so. Although the “Franchisee” Social Media accounts are specific to the franchised business, they still represent the Franchise System as a whole, and “Franchisor” has the right to control brand messaging. “Franchisee” must comply immediately with any request by “Franchisor” to remove or modify any content contained on “Franchisee” Social Media accounts.

Content Restrictions:

- “Franchisee” will not post any material without approval from the Best in Class Support Team.
- “Franchisee” will not offer promotions without approval from the Best in Class Support Team.
- “Franchisee” will not post any sensitive, confidential, personal, or proprietary information or intellectual property regarding “Company,” its employees, or any clientele.
- “Franchisee” will not post the trademarks, slogans, or logos of competitors without the prior written authorization of “Franchisor”.
- “Franchisee” will not post any financial information about “Franchisor”, “Franchisee”, other franchisees, or the Franchise System.
- “Franchisee” will not post any information regarding legal issues involving the Franchise System including, but not exclusive to, disputes or disagreements within the system and with third parties, lawsuits, and compliance issues.
- “Franchisee” will not post any material which is false, threatening, pornographic, defamatory, libelous, harassing, or antagonistic.

Violations of any of the above could result in disciplinary action, up to, and including termination.

### 6.6 Integrity & Attribution

1. Do not defame or libel any person or company.
2. Be honest. Do not post any false content.

3. Do not post under a fictitious name.
4. Do not ask employees, friends, or family to post positive comments, reviews, or ratings to combat negative reviews. This is an unfair and deceptive trade practice under Section 5 of the Federal Trade Commission Act and may also violate state laws. It also violates the terms of service of many ratings websites, and the false comments will be removed or the account suspended or terminated.
5. When sharing other people’s content, “Franchisee” will give proper attribution to the original creator of the content, and will not replace the username/handle of the original creator of the content.
6. Do not use the likeness of any person without their permission.
7. Do not post Social Media Content that implies the endorsement of any person who has not agreed in writing to endorse Best in Class Education.
8. Ensure that if a person whom you have compensated in exchange for an endorsement of Best in Class Education discloses that they have been compensated for their endorsement.

**7. Compliance**

This policy does not contain all information relevant to compliance with applicable law or Social Media site’s terms of service. “Franchisee” is responsible for investigating all laws and terms of service before engaging in social media. Always use a Social Media site in accordance with its terms of use. “Franchisee” should review the terms of use of all Social Media sites they use and ensure their use complies with them. “Franchisee” is responsible for ensuring their employees are aware of this policy and the terms of the franchise agreement and Operations Manual that apply to “Franchisee” use of Social Media. Violation of these policy guidelines may be grounds for immediate termination. Nothing in this policy should be interpreted to prevent “Franchisee” or the employees of “Franchisee” from discussing working conditions or organized labor on social media or otherwise.

**8. Conclusion**

Social media can help us build a stronger, more successful community, and it’s a way for staff, members, and the public to have conversations about important educational news, updates, and matters.

Franchisee Acknowledgement

I, “Franchisee,” acknowledge that I have read “Social Media Policy for Franchisees” and agree to the guidelines, terms, and conditions set forth in this policy:

Franchisee Name:

\_\_\_\_\_

Franchisee Signature:

\_\_\_\_\_

Date:

\_\_\_\_\_

## EXHIBIT "I"

### TO DISCLOSURE DOCUMENT

#### 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
California	July 11, 2024
Hawaii	May 28, 2024
Illinois	
Indiana	May 16, 202430, 2025
Maryland	June 28, 2024
Michigan	May 3, 20242025 (amended May 27, 2025)
Minnesota	July 10, 2024
New York	November 4, 2024
North Dakota	
Rhode Island	
South Dakota	
Virginia	June 11, 2024
Washington	
Wisconsin	May 16, 202429, 2025

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

**EXHIBIT "J"**  
**TO DISCLOSURE DOCUMENT**

**RECEIPTS**

*[See Attached]*

RECEIPT

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

If BiC Franchise System Corporation offers you a franchise, it must provide this Disclosure Document to you 14 days before you sign a binding agreement or make a payment with the franchisor or an affiliate in connection with the proposed franchise sale. New York law requires a franchisor to provide the Franchise Disclosure Document at the earlier of the first personal meeting or 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.

If BiC Franchise System Corporation 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 and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580, and the appropriate state agency listed in EXHIBIT "A" to this Disclosure Document.

The franchise seller(s) involved with the sale of this franchise is/are:

\_\_\_\_ Hao Lam; 3712 88th Ave SE, Mercer Island, Washington 98040; (206) 380-6068

~~\_\_\_\_ Dominique Main; P.O. Box 1211, Merlin, Oregon 97532; (541) 660-1555~~

\_\_\_\_  
Issuance Date: May ~~1, 2024~~27, 2025

BiC Franchise System Corporation's agent to receive service of process is listed in EXHIBIT "A" to this Disclosure Document (for franchise registration states) or EXHIBIT "B" to this Disclosure Document (for all other states).

I received a Franchise Disclosure Document that included the following Exhibits:

- EXHIBIT "A" List of State Administrators and Agents for Service of Process
- EXHIBIT "B" Agent for Service of Process
- EXHIBIT "C" Franchise Agreement
- EXHIBIT "D" Area Development Agreement
- EXHIBIT "E" Table of Contents of the confidential Brand Standards Manual
- EXHIBIT "F" List of Franchisees
- EXHIBIT "G" Financial Statements of BiC Franchise System Corporation
- EXHIBIT "H" Other Agreements
- EXHIBIT "H"-1 State Addenda
- EXHIBIT "H"-2 Franchisee Disclosure Questionnaire
- EXHIBIT "H"-3 General Release
- EXHIBIT "H"-4 Satellite Office Addendum
- EXHIBIT "H"-5 Social Media Policy
- EXHIBIT "I" State Effective Dates
- EXHIBIT "J" Receipts

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

\_\_\_\_\_  
(Signature) Prospective Franchise Owner

\_\_\_\_\_  
Date

(This Receipt should be executed in duplicate. One Receipt must be signed and remains in the Franchise Disclosure Document as the prospective franchise owner's copy. The other Receipt must be signed and returned to BiC Franchise System Corporation.)

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Print Name

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(Signature) Prospective Franchise Owner

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Date

(This Receipt should be executed in duplicate. One Receipt must be signed and remains in the Franchise Disclosure Document as the prospective franchise owner's copy. The other Receipt must be signed and returned to BiC Franchise System Corporation.)