

## FRANCHISE DISCLOSURE DOCUMENT



BiC Franchise System Corporation

A Delaware corporation

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Renton, Washington 98059

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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<sup>®</sup> franchise is \$84,375,875 to \$142,500,146,000. This includes \$58,300 to \$60,800 that must be paid to the franchisor or affiliate.

The total investment necessary to begin operation of 2 to 4 BEST IN CLASS EDUCATION CENTER<sup>®</sup> franchises under an Area Development Agreement is-\$124,375,875 to \$252,500,256,000. This includes \$98,300 to \$170,800 that must be paid to the franchisor or affiliate. You do not pay any additional initial franchise fee under the Franchise Agreements you sign for each franchise. You must commit to develop, open and operate a minimum of 2 franchises.

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 27, 2025~~ April 19, 2026

## 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 BEST IN CLASS EDUCATION CENTER® 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 BEST IN CLASS EDUCATION CENTER® 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

## TABLE OF CONTENTS

<b>ITEM 1</b>	FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES .....	1
<b>ITEM 2</b>	BUSINESS EXPERIENCE .....	3
<b>ITEM 3</b>	LITIGATION .....	4
<b>ITEM 4</b>	BANKRUPTCY .....	4
<b>ITEM 5</b>	INITIAL FEES .....	4
<b>ITEM 6</b>	OTHER FEES.....	6
<b>ITEM 7</b>	ESTIMATED INITIAL INVESTMENT.....	10
<b>ITEM 8</b>	RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES.....	13
<b>ITEM 9</b>	FRANCHISEE’S OBLIGATIONS .....	15
<b>ITEM 10</b>	FINANCING .....	17
<b>ITEM 11</b>	FRANCHISOR’S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING .....	17
<b>ITEM 12</b>	TERRITORY.....	25
<b>ITEM 13</b>	TRADEMARKS.....	28
<b>ITEM 14</b>	PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION.....	29
<b>ITEM 15</b>	OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS .....	30
<b>ITEM 16</b>	RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL .....	31
<b>ITEM 17</b>	RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION.....	31
<b>ITEM 18</b>	PUBLIC FIGURES .....	34
<b>ITEM 19</b>	FINANCIAL PERFORMANCE REPRESENTATIONS .....	35
<b>ITEM 20</b>	OUTLETS AND FRANCHISEE INFORMATION .....	39
<b>ITEM 21</b>	FINANCIAL STATEMENTS.....	42
<b>ITEM 22</b>	CONTRACTS .....	42
<b>ITEM 23</b>	RECEIPT .....	42
EXHIBIT "A"	LIST OF STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS	
EXHIBIT "B"	FRANCHISORS AGENT FOR SERVICE OF PROCESS	
EXHIBIT "C"	FRANCHISE AGREEMENT	
EXHIBIT "D"	AREA DEVELOPMENT AGREEMENT	
EXHIBIT "E"	TABLE OF CONTENTS OF BRAND STANDARDS MANUAL	
EXHIBIT "F"	LIST OF FRANCHISEES	
EXHIBIT "G"	FINANCIAL STATEMENTS FOR 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	<del>SATELLITE OFFICE ADDENDUM</del> <a href="#">SOCIAL MEDIA POLICY</a>	
<del>EXHIBIT "H"-5</del>	<del>SOCIAL MEDIA POLICY</del>	
EXHIBIT "I"	STATE EFFECTIVE DATES	
EXHIBIT "J"	RECEIPTS	

## 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® 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 Centers in March 2023. We are not engaged in any business other than offering franchises for 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 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.

Our affiliate, LBIS, LLC (“LBIS”), is the exclusive supplier for our BC Portal, BC Printing Software and Learning Management Systems, each of which is an integral part of our proprietary online business management platform (“BCP-LMS”) that is used to manage and operate a Center. 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<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<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 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.

## **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:

<b>Employer</b>	<b>Title</b>	<b>Location</b>	<b>Period of Time</b>
LBIS, LLC	Manager	Mercer Island, WA	Feb 2023 to present
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 Dec 2024
EDYU USA Holding Ltd.	Manager	Mercer Island, WA	Feb 2010 to Dec 2021
Lam’s Tutoring Services, Inc.	Manager	Bellevue, WA	Jan 1995 to present

### **Susan McNab – Co-Chief Executive Officer**

[Susan McNab has served as our Co-Chief Executive Officer since February 2025. During the prior 5 years, she has also held the following positions:](#)

<b><u>Employer</u></b>	<b><u>Title</u></b>	<b><u>Location</u></b>	<b><u>Period of Time</u></b>
<a href="#">Best in Class Education Center, LLC</a>	<a href="#">Advisor</a>	<a href="#">Mercer Island, WA</a>	<a href="#">Mar 2015 to Feb 2025</a>
<a href="#">City of Seattle</a>	<a href="#">Director of Human Resources</a>	<a href="#">Seattle, WA</a>	<a href="#">Mar 2018 to Apr 2019</a>

### **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:

<b>Employer</b>	<b>Title</b>	<b>Location</b>	<b>Period of Time</b>
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 <del>present</del> <a href="#">Dec 2025</a>
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:

Employer	Title	Location	Period of Time
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="#">Dec 2025</a>
Lam's Tutoring Services, inc.	Vice President of Operations	Seattle, WA	Feb 2009 to Aug 2019

### 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 payments described below.

All of these fees and 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 expenses are less than the estimate. All other fees and payments are nonrefundable.

#### **Initial Franchise Fee**

At the time you sign the Franchise Agreement, you pay us 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:

Center Being Purchased	Initial Franchise Fee*
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 \$22,500 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 \$22,500 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 franchise management and operations training program ("Management Training") that we conduct before you open your Center.

### **Systems Implementation Fee**

At the time you sign the Franchise Agreement you pay our affiliate, LBIS, a \$2,000 implementation fee for the setup and configuration of BCP-LMS (the “Systems Implementation Fee”). We may require you to pay us the Systems Implementation Fee, in which case we will remit the fee to our affiliate.

### **Grand Opening Marketing Fee**

At the time you sign the Franchise Agreement, you pay us a \$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: (a) a credentialed educator; (b) a state certified teacher (active or retired); (c) a licensed childcare professional; (d) a college educator; or (e) 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 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. We only grant area development rights to franchisees who commit to develop, open and operate a minimum of 2 Centers.

**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) sum of 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. <del>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.</del>
Brand and System Development Fund Fee	Up to 3% of Gross Sales plus 1% of Special Program Sales (currently 2% of Gross Sales plus 1% of Special Program Sales)	Same as royalty fee	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 <del>120</del> <u>180</u> days before increasing the fee.
BCP-LMS Monthly Fee	Sum of: (a) 2% of Gross Sales minus Enrichment Sales; (b) 1% of Special Program Sales; and (c) Monthly Student User Fees (renewing franchisees may pay lower fee - see Note 1)	Same as royalty fee	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).
Local Marketing Commitment	<del>[Months 2 through 12 after Center opening date]</del> <u>Greater of \$1,500,000 per month or 4% of monthly Gross Sales</u>	As incurred (monthly)	This is the minimum amount you must spend to advertise your Center in your local market (the “Local Marketing Commitment”). Amounts you pay us or our affiliate for marketing materials are credited towards against your Local Marketing Commitment. Your grand opening marketing fee covers minimum required marketing expenditures through the end of the 2 <sup>nd</sup> month after opening.
	<del>[Months 13 &amp; beyond]</del> <del>Greater of \$1,000 per month or 4% of monthly Gross Sales</del>		
Training Fees	<del>[Travel Expenses: 2 Days of Onsite Training]</del> \$1,300 to \$3,800 (estimate)	10 days after invoice	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.
	<del>[Management Training]</del> \$700 per person	Prior to training	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

TYPE OF FEE <sup>1</sup>	AMOUNT <sup>2</sup>	DUE DATE	REMARKS
	<i>[Other Training]</i> \$350 per person per day (plus Travel Expenses if we conduct training onsite)	10 days after invoice	person who attends remedial training or additional training you request. There is no training fee for refresher or supplemental training.  You must also reimburse Travel Expenses we incur to provide onsite training at your Center.
Certification Training Fees	Up to \$200 for initial certification and \$100 for periodic recertification (not currently imposed)	Prior to certification training	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).
Technology Fee	Up to \$200 per month per Center (currently \$100 per month for 1 email account and Google suite products, 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	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.
Customer Service Fee	Up to \$500 per year (not currently imposed)	10 days after invoice	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.
Conference Registration Fee	Up to \$350 per person per conference	10 days after invoice	<del>We may hold conferences to discuss matters affecting franchisees- and to share best practices, system updates, and growth strategies.</del> Attendance is mandatory unless we designate attendance as optional or <del>we</del> waive your obligation to attend based on a showing of good cause-; <u>however, attendance is expected and strongly encouraged. We may, in our sole discretion, waive the conference registration fee for first-time attendees and members of the Franchise Advisory Council.</u>
Gift Card Program Fees	Up to \$50 per month per Center (not currently imposed)	10 days after invoice or as we otherwise specify	You must participate in any gift card program we establish and pay required fees and contributions to us or a third party to administer the program.
Product Purchases	Varies depending on item purchased (not currently imposed)	10 days after invoice	We may serve as a System supplier for goods and services you must purchase. If this occurs, we will provide you with a price list upon request.
Relocation Fee	\$1,000 for each new site you propose 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 all Travel Expenses we incur to visit new sites you propose. We refund 75% of the fee if we reject the site.
Satellite Office Fee (per office)	<del><i>[If Office Located Inside Your Center Territory]</i></del> \$5,000 per office <del><i>[If Office Located Outside Your Center Territory]</i></del> \$22,500 per office	<del>At time you sign</del> Satellite Office Addendum	<del>See Note 4 for a description of the other fees you pay relating to a Satellite Office.</del>

TYPE OF FEE <sup>1</sup>	AMOUNT <sup>2</sup>	DUE DATE	REMARKS
Renewal Fee	\$2,500	At time you sign renewal agreement	Imposed if you renew your franchise rights by signing a renewal Franchise Agreement.
Transfer Fee	60% of then-current initial franchise fee (reduced to 40% if buyer is an existing franchisee)	Before Transfer	You pay the transfer fee for all Transfers other than Permitted Transfers. If our broker finds the buyer, you must also reimburse us for all commissions we pay the broker.
Audit Fee	Actual cost of audit (plus Travel Expenses for audit team)	10 days after invoice	Imposed if audit (a) is required because you fail to submit required data or reports in a timely manner or (b) reveals you understated sales by 3% or more.
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 our debit of your account is rejected or your check is returned for insufficient funds, we may charge (in addition to the late fee) an NSF fee of \$50 per incident. Default interest is limited to 10% per annum in California.
Noncompliance fee	\$500 per incident	Upon demand	Imposed if you breach a mandatory standard or operating procedure (including submission of required reports) and fail to cure within the time period we require. We may impose an additional \$100 fee every 48 hours the breach remains uncured after we impose the initial fee. We will deposit these fees into the 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 and you must reimburse us for our costs (examples include failure to pay suppliers, maintain insurance or meet quality standards).
Management Fee	\$250 per day plus Travel Expenses and other costs we incur to temporarily manage your Center	10 days after invoice	If you fail to cure a Franchise Agreement default or the Managing Owner dies, we can designate a person to manage your Center until the default is cured or Managing Owner replaced.
Indemnification	Amount of our damages, losses and expenses	10 days after invoice	You must indemnify us for losses and expenses we incur due to your operation of the Center or 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 any related agreement.
Development Schedule Extension Fee (ADA only)	\$2,500 for each 90-day extension	At time you request extension	You may extend a development deadline for 90 days by paying us the extension fee. You are limited to a maximum of 4 extensions for a Center (360 days).
Early Termination Fee	\$5,000	At time Center closes	You may terminate without cause if you: (a) provide at least 180 days' notice; (b) allow us to market and resell your Center during the 180-day period (you do not receive any proceeds of the sale); (c) pay all amounts owed; and (d) sign a General Release (subject to state law). You pay the early termination fee only if you close your Center before the end of the term and do not follow these procedures.

TYPE OF FEE <sup>1</sup>	AMOUNT <sup>2</sup>	DUE DATE	REMARKS

Notes:

1. **Nature and Manner of Payment:** All fees are imposed by and payable to us except: (a) you spend the Local Marketing Commitment directly with suppliers; and (b) you pay BCP-LMS Monthly Fees to LBIS (or we may collect these fees from you and remit them to 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") permitting us to electronically debit your designated bank account for 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. **Definitions:** As used in this Disclosure Document, the following capitalized terms have the meanings given to them below:

**"Affiliate Program Sales"** means total gross sums you collect from Affiliate Programs conducted in connection with your Center (including amounts third-party marketing agencies, such as Groupon, receive from your customers and retain for marketing goods or services). 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 Gross Sales derived from the sale of Enrichment Programs (i.e., weekly group tutoring in Mathematics, English and/or STEM).

**"Gross Sales"** means total gross sums you collect from all goods and services you sell (including amounts third-party marketing agencies, such as Groupon, receive 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 total gross sums you collect from all goods and services you sell in connection with any optional Special Programs you choose to offer (including amounts third-party marketing agencies, such as Groupon, receive from your customers and retain for marketing goods or services). 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. **BCP-LMS Monthly Fee:** If you are a renewing franchisee who operates a Legacy Center, your base fee will: (a) start at \$4 per per student per subject per month when you sign the renewal Franchise Agreement; 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 Center owned by a renewing franchisee who: (a) purchased the Center from our predecessor; (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 without utilization of our Learning Management Systems.~~

~~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 your Satellite Office is located outside your Center Territory then: (a) you pay us a \$22,500 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 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 Systems Implementation Fee for the use of LMS at your Satellite Office. If you are a renewing franchisee who operates a Legacy Center, you must pay LBIS a \$2,000 Systems Implementation Fee for each Satellite Office you develop (if any) but you do not pay this fee for the renewal of your Legacy Center.~~

~~3. 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**

YOUR ESTIMATED INITIAL INVESTMENT				
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
Initial Training Expenses <sup>3</sup>	\$1,500 to \$3,000	As incurred	During training	Hotels, restaurants and airlines
Travel Expenses for Onsite Training <sup>4</sup>	\$1,300 to \$3,800	Lump sum	Prepaid estimate due 30 days 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>	<del>\$500</del> <u>1,000</u> to <del>\$4,500</del> <u>8,000</u>	Lump sum	Before opening	Suppliers

YOUR ESTIMATED INITIAL INVESTMENT				
TYPE OF EXPENDITURE <sup>1</sup>	AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Decorating, Furniture & Furnishings <sup>8</sup>	\$3,000 to \$4,000	As incurred	Before opening	Suppliers
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 \$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 & employees
<b>Total Estimated Initial Investment</b> <sup>14</sup>	\$84, <del>375</del> <u>875</u> to \$ <del>142,500</del> <u>146,000</u>			

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

YOUR ESTIMATED INITIAL INVESTMENT				
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, <del>375</del> <u>875</u> to \$ <del>97,500</del> <u>101,000</u>	This is the total estimated initial investment in Table above less \$45,000 initial franchise fee that is included in development fee.		
<b>Total Estimated Initial Investment</b> <sup>14</sup>	\$124, <del>375</del> <u>875</u> to \$ <del>252,500</del> <u>256,000</u>			

**Notes:**

- Financing and Refunds:** We do not offer direct or indirect financing for any of these items. No amounts paid to us are refundable except as otherwise discussed in Note 4 below. We are not aware of any 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.
- 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 for your 2<sup>nd</sup> Center; and (b) \$35,000 for any additional Centers you purchase.
- 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.
- Travel Expenses for Onsite Training:** You must reimburse our Travel Expenses to send 1 corporate trainer to your Center for 2 days of onsite training 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.

5. Lease Deposit: This estimate assumes you lease your premises. Rent varies depending on factors such as the size and location of the premises and local market conditions. We 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 estimate in the table includes 2 months' rent. Some franchisees may choose to purchase the real estate. The cost to purchase real estate varies so widely that we cannot reasonably estimate the cost.
6. Build Out & Improvements: The cost of leasehold improvements and build-out varies widely based on a number of factors including:
  - the size and condition of the leased space
  - the extent and nature of existing leasehold improvements
  - the amount of landlord contributions, if any, towards leasehold improvement costs (a "TI Allowance")
  - demolition and construction costs and prevailing wage rates in the local market

Some landlords provide a TI Allowance but increase monthly rent to recapture the TI Allowance and amortize it over the lease term (or part of the lease term). The low estimate in the table 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.

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.
8. Decorating, Furniture & Furnishings: This includes the estimated cost for classroom tables, chairs, light fixtures and furniture for the reception area.
9. Systems Implementation Fee: You pay a \$2,000 Systems Implementation Fee to setup and configure LMS and the BC Portal.
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. This ~~estimate~~ estimate assumes you purchase a small printer or lease a large printer. 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.
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.
12. Grand Opening Marketing Fee: You pay us the grand opening marketing fee, which we use to market and promote the opening of your Center.
13. Additional Funds: This estimates your expenses during the first 3 months of operation, including: rent (\$6,000 to \$12,000 estimate); payroll costs (excluding any wage or salary paid to you); advertising expenses; technology fees; fees paid to a recommended (but optional) third-party business coaching organization (\$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: (a) the experience of our management team in developing, opening and operating company-owned Centers; and (b) the experience of our franchisees in developing, opening and operating franchised Centers.

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.
15. **Development Fee:** Item 5 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 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. This estimate does not include your costs to develop any Center other than the first Center you develop under the ADA. We only grant area development rights to franchisees who commit to develop, open and operate a minimum of 2 Centers.

## **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. "Source-restricted" means 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, 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. The supplier must agree to comply with our minimum insurance, indemnification and confidentiality requirements for system suppliers and allow us to periodically inspect their facility. We will notify you of our decision within 30 days after we receive all required information and product samples. We may periodically reinspect approved products and suppliers and revoke our approval if a product or supplier fails to meet our then-current criteria. We do not charge you 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 must be purchased from approved or designated suppliers. Other components may be purchased from any supplier of your choosing. We may require you to purchase certain services relating to the establishment, use, maintenance, monitoring, security or improvement of Technology Systems from approved or designated suppliers. We currently require you to license our proprietary BCP-LMS from our affiliate, LBIS. You must also license and use QuickBooks Online.

*Inventory*

All inventory (i.e., educational materials) must be obtained exclusively from LBIS through BCP-LMS. The cost for these materials is included as part of 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 company we designate to: (a) develop and/or implement your grand opening marketing campaign; and/or (b) manage your social media.

*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 AM Best, including the following:

<b>Policy Type</b>	<b>Minimum Coverage</b>
“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 <a href="#">of coverage</a>

Policy Type	Minimum Coverage
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. Each policy must be endorsed to: (a) name us and our owners, officers and directors as additional insureds; (b) waive all subrogation rights against us; and (c) provide us with 10 days' prior written notice of the termination, expiration, cancellation or modification of the policy.

### **Purchase Agreements**

We try to negotiate 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, 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 EDUCATION CENTER® email accounts. Our affiliate, LBIS, is currently the exclusive supplier for our proprietary BCP-LMS and the educational materials you acquire and obtain through 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 a profit from these purchases. Our officer, Hao Lam, owns an interest in LBIS. There are no other approved or designated suppliers in which any of our officers own an interest.

We may receive rebates, payments or other material benefits from suppliers based on your purchases and 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, ~~2025~~2024, neither we nor our predecessor generated any revenue as a result of franchisee purchases or leases.

During the fiscal year ended December 31, ~~2025~~2024 our affiliate, LBIS, generated ~~\$192,617.91~~\$212,867.36 in revenue as a result of franchisee purchases or leases. The source of this information is QuickBooks accounting software used by our affiliate.

During the fiscal year ended December 31, ~~2025~~2024 our affiliate, Adaptively Education Inc. (which was formerly, but is no longer, a system supplier) generated ~~\$31,228~~\$24,994 in revenue as a result of franchisee purchases or leases. 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>SOA: 3</del> ADA: 4.3	Item 7 & Item 11

OBLIGATION	SECTIONS IN AGREEMENT	DISCLOSURE DOCUMENT ITEM
b. Pre-opening purchases/leases	FA: 7.3, 7.4, 11.6 & 16.1 <del>SOA: 8</del> 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>SOA: 5</del> ADA: 4.3	Item 6, Item 7 & Item 11
d. Initial and ongoing training	FA: 5 <del>SOA: Not Applicable</del> ADA: Not Applicable	Item 6 & Item 11
e. Opening	FA: 7.5 <del>SOA: 5</del> ADA: 4.1	Item 11
f. Fees	FA: 4.2, 5.4, 5.5, 6.3, 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 <del>SOA: 7, 8 &amp; 9</del> 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 <del>SOA: Not Applicable</del> ADA: 4.3	Item 11
h. Trademarks and proprietary information	FA: 18 <del>SOA: Not Applicable</del> ADA: 2	Item 13 & Item 14
i. Restrictions on products/services offered	FA: 11.3 <del>SOA: Not Applicable</del> ADA: Not Applicable	Item 16
j. Warranty and client service requirements	FA: 11.12 <del>SOA: Not Applicable</del> ADA: Not Applicable	Not Applicable
k. Territorial development and sales quotas	FA: 12 <del>SOA: Not Applicable</del> ADA: 4.1	Item 12
l. Ongoing product/service purchases	FA: 11.6 <del>SOA: Not Applicable</del> ADA: Not Applicable	Item 8
m. Maintenance, appearance and remodeling requirements	FA: 11.7 & 11.9 <del>SOA: Not Applicable</del> ADA: Not Applicable	Item 11
n. Insurance	FA: 16.1 <del>SOA: Not Applicable</del> ADA: Not Applicable	Item 6 & Item 7 & Item 8
o. Advertising	FA: 10 <del>SOA: Not Applicable</del> ADA: Not Applicable	Item 6, Item 7 & Item 11
p. Indemnification	FA: 19 <del>SOA: Not Applicable</del> ADA: Not Applicable	Item 6

OBLIGATION	SECTIONS IN AGREEMENT	DISCLOSURE DOCUMENT ITEM
q. Owner's participation/management/staffing	FA: 8 <del>SOA: Not Applicable</del> ADA: Not Applicable	Item 11 & Item 15
r. Records/reports	FA: 16.2 & 16.3 <del>SOA: Not Applicable</del> ADA: Not Applicable	Item 6
s. Inspections/audits	FA: 17 <del>SOA: Not Applicable</del> ADA: Not Applicable	Item 6 & Item 11
t. Transfer	FA: 20 <del>SOA: 10</del> ADA: 7	Item 17
u. Renewal	FA: 4 <del>SOA: 6</del> ADA: 4.5	Item 17
v. Post termination obligations	FA: 22 <del>SOA: Not Applicable</del> ADA: Not Applicable	Item 17
w. Non-competition covenants	FA: 15 <del>SOA: Not Applicable</del> ADA: Not Applicable	Item 17
x. Dispute resolution	FA: 23 <del>SOA: Not Applicable</del> ADA: 10	Item 17
y. Franchise Owner Agreement (brand protection covenants, transfer restrictions and financial assurance for owners and spouses)	FA: 9 & ATTACHMENT "D" <del>SOA: Not Applicable</del> 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. 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 discussed below under "Training Program". (§5.1)
3. Evaluate sites you propose for your Center, as discussed below under "Site Selection". (§7.1 & 7.5)
4. Provide our written specifications for goods and services you must purchase to develop, equip and operate your Center and a list of suppliers. We do not deliver or install any items you purchase. (§11.2)
5. Assist you in developing and implementing a grand opening marketing plan for your Center, as 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 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 discussed below under “Site Development”. (§7.3)
8. Evaluate your Center’s design and buildout, as 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)
2. Grant you a license to utilize BCP-LMS, as discussed below under “Computer System”. (§6.2)
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 Fund, as discussed below under “Advertising and Marketing”. (§10.1)
6. Provide periodic training programs, as 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 discussed below under “Advertising and Marketing”. (§6.7 & 10.3)
2. Provide additional training or assistance you request, 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 discussed below under “Advisory Council”. (§13)

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

**Training Program** (§5)

*Initial Training Program*

We will provide an initial training program 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. 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).

The Managing Owner must complete a 2.5 hour virtual training prior to attending Management Training. Our corporate trainers conduct virtual training via video-based training calls. Virtual training provides a preliminary overview of our brand and operations so the trainees have a basic understanding of the system 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. Onsite training is an informal program where we monitor your operations and assist you with the 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, [which is in digital format and available on the document platform we call “Trainual”](#). 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. We intend to offer the initial training program on an as needed basis but with no minimum frequency. Initial training currently covers the following topics:

### TRAINING PROGRAM

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS ON THE JOB TRAINING	LOCATION
Brand Overview	2.5	0	Online
History/Philosophy of Best In Class	1.5	0	Washington
Use of the Manual	0.5	0	Washington
Services Provided to Best In Class Franchisees	2.0	0	Washington
Business Planning	3.0	0	Washington
Pre-Opening Procedures	5.0	0	Washington
Talent Development	3.0	0	Washington
Advertising/Marketing	5.0	0	Washington
Curriculum	3.0	0	Washington
Management Procedures	3.5	5.0	Washington (on the job training held at WA Center of our choice)
Sales/Customer Service Procedures	3.5	5.0	Washington (on the job training held at WA Center of our choice)
Daily Operating Procedures	4.0	5.0	Washington (on the job training held at WA Center of our choice)
Operational Management	5.0	5.0	Washington (on the job training held at WA Center of our choice)
Software Training	5.0	4.0	Washington (on the job training held at WA Center of our choice)
Total	46.5	24	

#### *Post-Opening Training Programs*

We may offer periodic refresher or supplemental training courses for your Managing Owner and Managers. We may designate each course as mandatory or optional (we will not require more than 5 days of mandatory refresher or supplement training per year). Any new Managing Owner or Manager you appoint or hire must successfully complete 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 in compliance with the Franchise Agreement or Manual, we may require that your Managing Owner and Managers attend remedial training relevant to the operational deficiencies we observed. You may also request additional training, which we may (but need not) provide.

### *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 ~~15~~16 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 fee (the initial franchise fee is inclusive of a \$10,000 initial training fee that covers this training). However, you must reimburse Travel Expenses we incur to send our corporate trainer to your Center for onsite training (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 training fee of \$700 for each person who attends Management Training after you open (or for any person who must retake Management Training prior to opening after failing the first attempt). However, we will waive the \$700 training fee if the trainee attends a previously scheduled Management Training program 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 each person who attends remedial training or additional training that you request. You must also reimburse our Travel Expenses for onsite training or assistance. We do not charge training fees for: (a) system-wide refresher or supplemental training courses; or (b) virtual training programs.

### **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. 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 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:

- 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

- local demographic information and economic indicators

We list the address of your approved site either: (a) in Part C of ATTACHMENT "A" to the Franchise Agreement (if we approve the site before signing the Franchise Agreement); or (b) in a Site Approval Notice 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.

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 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. 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.

We may require that you periodically remodel and renovate your Center to conform to our then-current standards and specifications. There is no limitation on the cost of these 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 renovate your Center without our prior approval.

### **Opening Requirements** (§7.5)

We expect most franchisees will open within 4 to 6 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 the landlord
- the amount of time needed to secure financing, insurance, licenses and permits
- the condition of 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 Teachers

### **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. 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 find an approved site for the Satellite Office (120 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)

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 that ends no later than 2 months after your grand opening. We may also provide an additional \$5,000 allowance towards your grand opening marketing 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.~~

#### *Ongoing Local Marketing By You*

~~After Beginning in the end of your grand~~ third month after opening period and through the remainder of the term, 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. There is no Local Marketing Commitment applicable to a Satellite Office.~~ You may develop your own advertising and marketing materials and programs but we must approve them 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 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 our website and/or your Center's webpage at any time

Under current policy, you may not: (a) develop, host, or otherwise maintain a website (or other digital presence) 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 social media platforms 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
- we may require that you contract with and utilize a social media company we designate

- you must provide us with full administrator rights to your social media accounts
- we 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 currently administer a Brand Fund to promote public awareness of our brand and improve our System. We may use the Brand Fund to pay for any of the following:

- developing, distributing or administering advertising and marketing materials and programs
- conducting and administering promotions, contests or giveaways
- 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, maintenance and promotion of an ecommerce platform
- development and implementation of quality control programs
- conducting market research
- reimbursing us for costs we incur to host franchisee conferences
- changes and improvements to the System
- fees and expenses charged by advertising agencies we engage to provide marketing services
- collecting and accounting for brand fund fees and preparing financial accountings of the Brand Fund
- any other programs or activities we deem appropriate to promote or improve the System
- reimbursing us for administrative, overhead and other expenses we incur to administer the Brand Fund, including compensation paid to our personnel for time spent working on Brand Fund matters

We direct and have complete control and discretion over all advertising programs paid for by the Brand Fund, including the creative concepts, content, materials, endorsements, frequency, placement and media used. Advertising may be local, regional or national in coverage and 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 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 pay the Brand Fund fee we specify from time to time. The current Brand Fund fee is the sum of (a) 2% of Gross Sales (we may increase this amount to 3% upon 180 days’ prior notice) and (b) 1% of Special Program Sales. Company-owned Centers contribute to the Brand Fund on the same basis as franchisees. However, if we modify the amount or timing of required contributions, any company-owned Center established or acquired after the modification may contribute to the 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 Brand 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 may be invested and we may lend money if there is a deficit. An unaudited financial accounting of Brand Fund contributions and expenditures will be prepared annually and made available to you upon request. During the fiscal year ended December 31, ~~2025~~2024 we spent the marketing funds in the following manner:

Allocation of Marketing Expenditures ( <del>2025</del> 2024)				
Use of Funds	Production	Media Placement	Administrative Expenses	Other*
Percentage Allocation	51.14 <del>14</del> 63%	<del>26</del> 6.47%	<del>22.39</del> 32.30%	<del>09</del> 6.0%

\*Other includes costs related to attendance at an annual franchise conference.

The Brand Fund is not a trust. We have no fiduciary obligations or liability to you with respect to our administration of the Brand Fund. Once established, we may discontinue the Brand Fund on 30 days' 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 or new products or services. We would consider 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 comply with your Franchise Agreement and do not act in a disruptive or abusive 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. 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** (§6.2, 11.6, 11.7, 11.8, 16.3 & 17.1)

You must purchase and use all Technology Systems we designate from time to time. You must purchase a computer system that includes the following 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)
- QuickBooks Online
- BCP-LMS

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

*How Computer System Is Used*

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 them for any purpose unrelated to your Center. We own the email addresses and accounts but allow you to use them during

the term of your Franchise Agreement.

*Fees and Costs*

We estimate the initial cost of your computer system (excluding the Systems 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 Systems Implementation Fee for the initial setup and configuration of BCP-LMS (fee does not apply to renewing franchisees). As further detailed in Item 6 you pay: (a) monthly technology fees to us for certain software, technology and related services that we (or our affiliate) provide (currently 1 email account and a license to Google suite products); and (b) BCP-LMS Monthly Fees to LBIS for use of 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):

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

\* 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 affiliate provides all necessary maintenance, support, updates and upgrades for LMS and the BC Portal. Except as 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.

*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.

*Computer System Maintenance and Changes*

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

**ITEM 12 TERRITORY**

**Location of Your 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 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.~~

### **Description of Territory (Franchise Agreement)**

We will identify the boundaries of your territory from which you will operate the Center (“Center Territory;”) which will include between 15,000 and 18,000 students between the ages of 5 and 17 (we generate this data using IntelVue). We describe your Center Territory either: (a) in Part D of ATTACHMENT “A” to the Franchise Agreement (if we approve the site for your Center before signing the Franchise Agreement); or (b) in a Site Approval Notice we send you after 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, 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.

During the term of your Franchise Agreement ~~and 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~~ that uses our Marks and is located in your Center Territory ~~or Satellite Office Territory, respectively~~, except as otherwise permitted below with respect to Acquisitions (defined below).

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~~ that uses our Marks and is located in your Development Territory other than: (a) any Center ~~or Satellite Office~~ located in 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.

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~~ These alternative channels are intended to expand brand awareness and reach new audiences and are not intended to replace the operation of franchised Centers, and 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 “targeted marketing” if: (a) you use reasonable efforts to limit the circulation or distribution of the advertising to areas in your territory; and (b) most recipients of the advertising are located in 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. Examples include direct mail sent to addresses outside your territory, digital advertising sent to devices with IP addresses registered outside your territory and conducting promotional events 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 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

Measuring Period (commencing with opening date)	Minimum Average Monthly Total Sales*
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**

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**

Our affiliate 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. 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; (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 April 11, 2025, we entered into an Intellectual Property License Agreement with HL Media (the “License Agreement”). Under the terms of the License Agreement, HL Media granted us the right to use 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. HL Media may terminate the License Agreement only if we: (a) declare bankruptcy or become insolvent; (b) breach 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.

#### **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 our Manual, website or 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, techniques, policies, procedures, standards and specifications
- supplier lists, customer lists and information regarding suppliers and customers
- marketing and merchandising strategies
- 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) pertaining to your Center. You must treat this data as confidential and proprietary. We license you the right to use this data during the term of your Franchise Agreement. You must comply with all applicable data protection laws and our data processing and data privacy policies in the Manual.

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 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. Without our approval, you may not enter our confidential or proprietary information into public/open AI models or other AI models that use such information to train the AI.

You must promptly notify us if you discover an unauthorized use of our proprietary information or copyrighted materials. We are not required to act, but will respond 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 you incur as a result of any such proceeding or litigation. There are no infringements known to us at this time.

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

### **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)
- hold a minimum 20% ownership interest in the franchised business or franchisee entity

Any new Managing Owner you appoint must successfully complete 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 your Business. If you are an entity, each owner (i.e., each person holding a direct or indirect ownership interest in 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 a Confidentiality Agreement

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 each Manager to ensure the Center is operated in compliance with the Franchise Agreement and Manual. We do not require that the Manager own 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 Teachers must sign a Confidentiality Agreement.

### **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	FA: 1 (definition of Term) & 4.1	Term is equal to 5 years.
	<del>SOA: 6</del>	<del>Term is concurrent with term of Franchise Agreement.</del>
	ADA: 1(definition of Term)	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 is 5 years. The parties may mutually agree to further renewals but neither party is obligated to do so (subject to state law).
	<del>SOA: 6</del>	<del>Term is concurrent with term of Franchise Agreement and may be renewed if you renew the Franchise Agreement.</del>
	ADA: 4.5	No renewal rights.
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; sign general release (subject to state law); pay renewal fee; remodel Center and upgrade furniture, fixtures and equipment to current standards; and extend lease term. We may condition renewal on your 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.
	<del>SOA: 6</del>	<del>No requirements other than those imposed under Franchise Agreement.</del>
	ADA: 4.5	You may not renew or extend the term of the ADA.

**THE FRANCHISE RELATIONSHIP**

PROVISION	SECTIONS IN AGREEMENT	SUMMARY
d. Termination by you	FA: 21.1	You may terminate if we default and fail to timely cure. You may also terminate without cause if you: (a) provide 180 days' prior notice; (b) allow us to market and sell your Center during the 180-day period (we keep all proceeds from the sale); (c) pay us all amounts owed; and (d) sign a General Release (subject to state law).
	<del>SOA: 6</del>	<del>You can terminate if you choose to close your Satellite Office.</del>
	ADA: Not Applicable	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 provide your written consent.
	<del>SOA: 6</del>	
	ADA: 8.2	
f. Termination by us with cause	FA: 21.2	We can terminate if you default.
	<del>SOA: 6</del>	
	ADA: 8.1	
g. "Cause" defined - curable defaults	FA: 21.2	You have the following cure periods: (a) 24 hours for health or safety hazards; (b) 10 days for financial defaults; (c) 20 days for loss of a required license or permit; and (d) 30 days for any other default (other than a default described below under "non-curable defaults").
	<del>SOA: 6</del> ADA: 8.1	You have 30 days to cure any default, other than defaults described below under "non-curable defaults".
	<del>ADA: 8.1</del>	
h. "Cause" defined - non-curable defaults	FA: 21.2	The following defaults cannot be cured: insolvency, bankruptcy or seizure of assets; failure to successfully complete training; failure to find approved site, secure lease or open in timely manner; abandonment; certain criminal convictions or administrative enforcement actions; violation of material law; acts that may adversely affect reputation of System or Marks; material misrepresentations; 2 <sup>nd</sup> underreporting of your sales by 3% or more; unauthorized Transfers; unauthorized use of our intellectual property; breach of brand protection covenant, Franchise Owner Agreement, minimum performance requirement or legal compliance representation; failure to notify us of a matter described in §16.6; termination of lease due to your default; 3 or more default notices in 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, <del>termination of an ADA due to breach of the development schedule or termination of a Satellite Office Addendum due to a closure</del> is not grounds for termination of any Franchise Agreement that is otherwise in good standing.
	<del>SOA: 6</del>	<del>If we terminate a franchise agreement due to your default, we may terminate the SOA without opportunity to cure.</del>
	ADA: 8.1	If we terminate a franchise agreement due to your default, we may terminate the ADA without opportunity to cure.
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).
	<del>SOA: Not Applicable</del>	<del>The SOA does not impose any post term obligations on you.</del>
	ADA: Not Applicable	The ADA does not impose any post-term obligations on you.

**THE FRANCHISE RELATIONSHIP**

PROVISION	SECTIONS IN AGREEMENT	SUMMARY
j. Assignment of contract by us	FA: 20.1	No restriction on our right to assign.
	<del>SOA: 10</del>	
	ADA: 7.1	
k. "Transfer" by you – definition	FA: 1 (definition of Transfer) & 20.2	Includes ownership change or transfer of contract or assets.
	<del>SOA: 1</del>	
	ADA: 1 (definition of Transfer) & 7.2	
l. Our approval of transfer by you	FA: 1 (definition of Permitted Transfer), 20.2 & 20.3	You may engage in a Permitted Transfer (defined in Note 2 in Item 6) without approval. We must approve other Transfers but will not unreasonably withhold approval. <del>You may only Transfer a Satellite Office to the same person who buys your Center in accordance with the Franchise Agreement's transfer terms.</del>
	<del>SOA: 5 &amp; 10</del>	
	ADA: 1 (definition of Permitted Transfer), 7.2 & 7.3	
m. Conditions for our approval of transfer	FA: 20.2	Transferee must: meet our qualifications; successfully complete training (or arrange to do so); obtain required licenses and permits; assume your obligations under contracts relating to the Business; sign then-current form of franchise agreement for remainder of term or, at our option, assume your Franchise Agreement; and remodel Center and upgrade furniture, fixtures and equipment to current standards within 1 year of Transfer or such shorter period of time we specify. You must: be compliant with Franchise Agreement; assign lease (if applicable); pay transfer fee (subject to state law); subordinate transferee's ongoing payments owed to you (if any) to transferee's payments owed to us; and sign general release (subject to state law). We must notify you that we will not exercise our right of first refusal.
	<del>SOA: 5 &amp; 10</del>	<del>Transfer provisions in Franchise Agreement govern.</del>
	ADA: 7.2	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, assume your ADA. You must: be compliant with all Franchise Agreements and ADA; assign all Franchise Agreements <del>and Satellite Office Addenda (if applicable)</del> to same purchaser unless we agree to contrary (or we instruct transferee to sign then-current form of franchise agreement); comply with transfer provisions in Franchise Agreements; and sign general release (subject to state law). We must notify you that we will not exercise our right of first refusal.
n. Our right of first refusal to acquire your business	FA: 20.5	We can match any offer for your business.
	<del>SOA: 5 &amp; 10</del>	<del>Right of first refusal provision in Franchise Agreement governs.</del>
	ADA: 7.5	We can match any offer for your area development rights.
o. Our option to purchase your business	FA: 22.2	We have the option to purchase your Center at the expiration or termination of the Franchise Agreement.
	<del>SOA: Not Applicable</del>	<del>We do not have an option to purchase your Satellite Office.</del>
	ADA: Not Applicable	We do not have an option to purchase your area development rights.
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.
	<del>SOA: 5 &amp; 10</del>	
	ADA: 7.4	

THE FRANCHISE RELATIONSHIP		
PROVISION	SECTIONS IN AGREEMENT	SUMMARY
q. Non-competition covenants during the term of the franchise	FA: 15.3	No involvement in competing business (subject to state law).
	<del>SOA: Not Applicable</del>	<del>The SOA does not impose any noncompetition covenants.</del>
	ADA: Not Applicable	The ADA does not impose any noncompetition covenants.
r. Non-competition covenants after the franchise is terminated or expires	FA: 15.3 & 22.1	No involvement for 2 years in a competing business: (a) from your Center <del>or Satellite Office</del> ; (b) anywhere within a 25-mile radius from your Center, <del>your Satellite Office</del> or any other Center <del>or Satellite Office</del> that is open or under construction at the time your franchise terminates or expires (subject to state law).
	<del>SOA: Not Applicable</del>	<del>The SOA does not impose any noncompetition covenants.</del>
	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.
	<del>SOA: 11(a)</del>	
	ADA: 12.7	
t. Integration/ merger clause	FA: 25.8	Only the terms of the Franchise Agreement, SOA (if applicable), ADA (if applicable) and their attachments are binding (subject to state law). Any representations or promises made outside the Disclosure Document, Franchise Agreement, SOA and ADA may not be enforceable. Nothing in the Franchise Agreement, SOA, 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 our behalf. This provision supersedes any other term of any document executed in connection with the franchise.
	<del>SOA: 11(a)</del>	
	ADA: 12.7	
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.
	<del>SOA: 5</del>	<del>Disputes governed by provisions in Franchise Agreement.</del>
	ADA: 10	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).
	<del>SOA: 5</del>	<del>Choice of forum provision in Franchise Agreement governs.</del>
	ADA: 10	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.
	<del>SOA: 5</del>	<del>Choice of law provision in Franchise Agreement governs.</del>
	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.

### Defined Terms

For purposes of this 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, ~~2025~~2024 and ends December 31, ~~2025~~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.

**"Satellite Office"** ~~Prior to 2026, we offered franchisees the opportunity to open a satellite office which was a space that are rented on a temporary basis (no longer than 12 months) and shared with other businesses/organizations.~~

**"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**: ~~("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, ~~2025~~2024 (the last day of the Measuring Period) there were: (a) 36 total 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:

System Statistics for FPR							
Outlet Type	2024 <del>2025</del> Transactions and Statistics				Satellite Offices	Operating Remotely	Qualifying Centers
	Open Jan 1, <del>2025</del> <u>2024</u>	Openings	Closures	Open Dec 31, <del>2025</del> <u>2024</u>			
Franchised	<u>44</u> <del>36</del>	-1 <del>*</del>	<u>9</u> <del>1</del>	36	-4 <del>**</del>	-5 <del>**</del>	27
Company-Owned	<u>2</u> <del>1</del>	0	-1 <del>*</del> <u>0</u>	1	0	0	<u>1</u> <del>0</del>
Total	<u>46</u> <del>37</del>	1	<u>10</u> <del>1</del>	37	-4 <del>**</del>	-5 <del>**</del>	<u>28</u> <del>27</del>

~~\* 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~~1~~ Franchised ~~Centers~~Center 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 ~~2025~~2024 Gross Sales data for the 28~~27~~ 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 - <del>2025</del> <u>2024</u> GROSS SALES: FRANCHISED OUTLETS					
Subset (Number of Outlets in Subset)	Highest	Lowest	Median	Average	Number & Percent that Achieved/Surpassed Average
All (27 Outlets)	<del>\$468,728</del> <u>\$527,012</u>	<del>\$46,510</del> <u>\$47,190</u>	<del>\$219,476</del> <u>\$224,996</u>	<del>\$209,044</del> <u>\$223,624</u>	<del>15</del> <u>13</u> of 27 ( <del>56</del> <u>48</u> %)
Subset 1 (9 Outlets)	<del>\$468,728</del> <u>\$527,012</u>	<del>\$248,563</del> <u>\$263,386</u>	<del>\$304,918</del> <u>\$345,793</u>	<del>\$310,026</del> <u>\$347,542</u>	<u>3</u> <del>5</del> of 9 ( <del>33</del> <u>56</u> %)
Subset 2 (9 Outlets)	<del>\$248,171</del> <u>\$256,305</u>	<del>\$144,960</del> <u>\$168,733</u>	<del>\$219,476</del> <u>\$213,844</u>	<del>\$207,730</del> <u>\$223,624</u>	<u>6</u> <del>5</del> of 9 ( <del>67</del> <u>56</u> %)
Subset 3 (9 Outlets)	<del>\$130,303</del> <u>\$163,827</u>	<del>\$46,510</del> <u>\$47,190</u>	<del>\$124,101</del> <u>\$115,352</u>	<del>\$109,376</del> <u>\$126,884</u>	5 of 9 (56%)

TABLE 2 - <del>2024</del> GROSS SALES: COMPANY-OWNED OUTLET	
<del>1</del> Company Owned Outlet	<del>\$160,099</del>

Notes to ~~Tables~~Table 1 and 2:

1. Source of Data: We obtained Gross Sales data for Franchised Centers from revenue reports submitted by franchisees and the POS system used by franchisees. ~~We obtained Gross Sales data for the Company Owned~~

~~Center from internally prepared financial statements for this outlet.~~ The data has not been audited.

- Historical Data:** The data in this FPR is historical and represents the financial results achieved by the Qualifying Centers for the ~~2025~~2024 calendar year.
- No Expenses:** The financial performance representation in ~~Tables~~Table 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.

### ~~2025~~2024 Survey of Selected Expenses

We sent out a survey to all Qualifying Centers on ~~January 23, 2025~~February 13, 2026 via email. We received ~~23~~19 total responses prior to the February ~~10, 2025~~25, 2026 deadline. ~~Of these~~All responses, ~~22~~ are from Franchised Centers ~~and 1 from the Company Owned Center.~~

TABLE <del>3-2</del> - <del>2025</del> 2024 GROSS SALES LESS SELECTED EXPENSES: FRANCHISED OUTLETS					
Category	Highest	Lowest	Median	Average	Number & Percent that Achieved/Exceeded Average
<b>Franchised Center Gross Sales</b>	<del>\$468,728</del> Gross Sales	<del>\$46,510</del> General & Admin	<del>\$220,717</del> Lab or	<del>\$216,810</del> Marketing	<del>14 of 22 (64%)</del> Rent
Center 1	\$527,012	\$21,560	\$78,178	\$2,896	\$42,000
Center 2	\$374,788	\$26,000	\$80,000	\$1,200	\$40,000
Center 3	\$352,969	\$15,549	\$78,055	\$10,000	\$44,400
Center 4	\$347,542	\$5,400	\$90,000	\$0	\$42,960
<b>Instructor &amp; TA Labor Center 5</b>	<del>\$162,500</del> 290,887	<del>\$15,885</del> 11,000	<del>\$50,318</del> 000	<del>\$54,417</del> 3,500	<del>10 of 22 (45%)</del> \$29,000
Center 6	\$271,663	\$6,600	\$61,449	\$4,000	\$33,796
<b>Center 7 Rent</b>	<del>\$60,000</del> 263,386	<del>\$20</del> 21,500	<del>\$39</del> 36,500	<del>\$38,334</del> 1,500	<del>13 of 22 (59%)</del> \$30,000
Center 8	\$256,305	\$21,350	\$62,700	\$4,190	\$51,000
Center 9	\$246,860	\$17,460	\$28,261	\$1,652	\$43,400
Center 10	\$230,130	\$6,000	\$66,978	\$2,400	\$39,600
Center 11	\$223,624	\$14,367	\$38,400	\$3,000	\$29,076
Center 12	\$186,223	\$44,800	\$28,623	\$1,000	\$48,900
<b>Marketing Center 13</b>	<del>\$12,000</del> 177,496	<del>\$15</del> 48,000	<del>\$4,019</del> 55,000	<del>\$3,965</del> 8,000	<del>12 of 22 (55%)</del> \$54,000
Center 14	\$163,827	\$20,000	\$14,000	\$500	\$50,000
Center 15	\$148,041	\$9,467	\$16,115	\$1,500	\$35,900
Center 16	\$126,884	\$11,000	\$38,000	\$2,500	\$22,200

**TABLE 3--2 - 2025~~2024~~ GROSS SALES LESS SELECTED EXPENSES: FRANCHISED OUTLETS**

Category	Highest	Lowest	Median	Average	Number & Percent that Achieved/Exceeded Average
<u>Franchised Center Gross Sales</u>	<u>\$468,728</u>	<u>\$46,510</u>	<u>\$220,717</u>	<u>\$216,810</u>	<u>14 of 22 (64%)</u>
<u>Center 17 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* Center 18</u>	<u>\$76,196</u>	<u>\$8,642</u>	<u>\$39,523</u>	<u>\$37,293</u>	<u>14 of 22 (64%)</u>
<u>Gross Sales Less Selected Expenses Center 19</u>	<u>\$70,045</u>	<u>\$65,963</u>	<u>\$10,000</u>	<u>\$3,000</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.

**TABLE 4— 2024 GROSS SALES LESS SELECTED EXPENSES: COMPANY OWNED OUTLET**

<b>Gross Sales</b>	<b>\$160,099</b>
<b>Instructor &amp; TA Labor</b>	<b>\$41,277</b>
<b>Rent</b>	<b>\$48,103</b>
<b>Marketing</b>	<b>\$4,455</b>
<b>General &amp; Admin</b>	<b>\$18,214</b>
<b>Royalties &amp; Fees</b>	<b>\$32,496</b>
<b>Gross Sales Less Selected Expenses</b>	<b>\$15,553</b>

Notes to [Tables 3 and 4](#); [Table 2](#):

- 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.
- Historical Data:** The data in this FPR is historical and represents the financial results achieved by the Qualifying Centers for the ~~2025~~2024 calendar year.
- Selected Expenses Only:** The financial performance representation in [Tables 3 and 4](#); [Table 2](#) does not reflect every cost or expense that must be deducted from the gross revenue or gross sales figures to obtain your net income or profit. [The below table summarizes the ongoing franchise-related fees that you will have:](#)

<u>Category</u>	<u>Amount</u>
<u>Royalty</u>	<u>12% of Gross Sales</u>
<u>Brand Development Fund</u>	<u>2% of Gross Sales</u>
<u>LMS Fees</u>	<u>Up to \$8 per student per subject per month</u>

<a href="#">Required Local Marketing</a>	<a href="#">Greater of \$1,000 per month or 4% of monthly Gross Sales</a>
<a href="#">Technology Fee</a>	<a href="#">\$100 per month</a>

3.4. 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.

**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>2022</del> 2023 TO <del>2025</del> 2024				
Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	<del>2023</del> 2022	4847	4744	-13
	<del>2024</del> 2023	4744	4436	-38
	<del>2024</del> 2025	4436	36	-80
Company-Owned	<del>2023</del> 2022	74	42	-32
	<del>2024</del> 2023	42	21	-21
	<del>2024</del> 2025	21	1	-10
Total Outlets	<del>2023</del> 2022	5551	5146	-45
	<del>2024</del> 2023	5146	4637	-59
	<del>2024</del> 2025	4637	37	-90

TABLE 2 - TRANSFERS OF OUTLETS FROM FRANCHISEES TO NEW OWNERS (OTHER THAN THE FRANCHISOR) FOR YEARS <del>2022</del> 2023 TO <del>2024</del> 2025		
State	Year	Number of Transfers
Florida	<del>2023</del> 2022	02
	<del>2024</del> 2023	20
	<del>2024</del> 2025	0
Ohio	<del>2023</del> 2022	02
	<del>2024</del> 2023	20
	<del>2024</del> 2025	0
Texas	<del>2023</del> 2022	1
	<del>2024</del> 2023	1
	<del>2024</del> 2025	10

**TABLE 2 - TRANSFERS OF OUTLETS FROM FRANCHISEES TO NEW OWNERS (OTHER THAN THE FRANCHISOR)  
FOR YEARS ~~2022~~2023 TO ~~2024~~2025**

State	Year	Number of Transfers
Washington	<del>2023</del> 2022	<del>2</del> 0
	<del>2024</del> 2023	0
	<del>2024</del> 2025	<del>0</del> 1
Total	<del>2023</del> 2022	<del>3</del> 5
	<del>2024</del> 2023	<del>5</del> 1
	<del>2024</del> 2025	1

**TABLE 3 - STATUS OF FRANCHISED OUTLETS FOR YEARS ~~2022~~2023 TO ~~2024~~2025**

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>2023</del> 2022	<del>14</del> 13	<del>0</del> 3	0	0	0	<del>1</del> 2	<del>13</del> 14
	<del>2024</del> 2023	<del>13</del> 14	<del>3</del> 0	0	0	0	<del>2</del> 6	<del>14</del> 8
	<del>2024</del> 2025	<del>14</del> 8	0	0	0	0	<del>6</del> 0	8
Florida	<del>2023</del> 2022	3	0	0	0	0	0	3
	<del>2024</del> 2023	3	0	0	0	0	0	3
	<del>2024</del> 2025	3	0	0	0	0	0	3
Georgia	<del>2023</del> 2022	2	0	0	0	0	0	2
	<del>2024</del> 2023	2	0	0	0	0	0	2
	<del>2024</del> 2025	2	0	0	0	0	0	2
Maryland	<del>2023</del> 2022	1	0	0	0	0	0	1
	<del>2024</del> 2023	1	0	0	0	0	0	1
	<del>2024</del> 2025	1	0	0	0	0	0	1
Nevada	<del>2023</del> 2022	1	0	0	0	0	0	1
	<del>2024</del> 2023	1	0	0	0	0	0	1
	<del>2024</del> 2025	1	0	0	0	0	0	1
New Jersey	<del>2023</del> 2022	3	0	0	0	0	0	3
	<del>2024</del> 2023	3	0	0	0	0	<del>0</del> 2	<del>3</del> 1
	<del>2024</del> 2025	<del>3</del> 1	0	0	0	0	<del>2</del> 0	1
Ohio	<del>2023</del> 2022	4	0	0	0	0	<del>0</del> 1	<del>4</del> 3
	<del>2024</del> 2023	<del>4</del> 3	0	0	0	0	<del>1</del> 0	3
	<del>2024</del> 2025	3	0	<del>0</del> 1	0	0	0	<del>3</del> 2
Oregon	<del>2023</del> 2022	<del>2</del> 1	0	0	0	0	1	<del>1</del> 0
	<del>2024</del> 2023	<del>1</del> 0	0	0	0	0	<del>1</del> 0	0
	<del>2024</del> 2025	0	0	0	0	0	0	0
Texas	<del>2023</del> 2022	<del>14</del> 13	0	0	0	0	<del>1</del> 2	<del>13</del> 11
	<del>2024</del> 2023	<del>13</del> 11	0	0	0	0	<del>2</del> 1	<del>11</del> 10
	<del>2024</del> 2025	<del>11</del> 10	0	0	0	0	<del>1</del> 0	10

TABLE 3 - STATUS OF FRANCHISED OUTLETS FOR YEARS <del>2022</del> 2023 TO 2024 <del>2025</del>								
State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of Year
Washington	<del>2023</del> 2022	<u>36</u>	<u>30</u>	0	0	0	0	6
	<del>2024</del> 2023	6	<u>01</u>	0	0	0	0	<u>67</u>
	<del>2024</del> 2025	<u>67</u>	1	0	0	0	0	<u>78</u>
Totals	<del>2022</del> 2023	<u>4847</u>	3	0	0	0	<u>46</u>	<u>4744</u>
	<del>2024</del> 2023	<u>4744</u>	<u>31</u>	0	0	0	<u>69</u>	<u>4436</u>
	<del>2024</del> 2025	<u>4436</u>	1	<u>01</u>	0	0	<u>90</u>	36

TABLE 4 - STATUS OF COMPANY-OWNED OUTLETS FOR YEARS <del>2022</del> 2023 TO 2024 <del>2025</del>							
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> 2023	<u>74</u>	0	0	0	<u>32</u>	<u>42</u>
	<del>2024</del> 2023	<u>42</u>	0	0	0	<u>21</u>	<u>21</u>
	<del>2024</del> 2025	<u>21</u>	0	0	0	<u>10</u>	1
Totals	<del>2022</del> 2023	<u>74</u>	0	0	0	<u>32</u>	<u>42</u>
	<del>2024</del> 2023	<u>42</u>	0	0	0	<u>21</u>	<u>21</u>
	<del>2024</del> 2025	<u>21</u>	0	0	0	<u>10</u>	1

TABLE 5 - PROJECTED OPENINGS AS OF DECEMBER 31, <del>2024</del> 2025			
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
<del>Texas</del> California	1	1	0
Maryland	<u>1</u>	<u>1</u>	<u>0</u>
Washington	1	1	0
Total	<u>23</u>	<u>23</u>	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, ~~2024~~2025. 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, 2025, December 31, 2024 and December 31, 2023 are attached to this Disclosure Document as EXHIBIT "G". ~~In addition, an unaudited balance sheet as of March 31, 2025 and an unaudited profit and loss statement from January 1, 2025 through March 31, 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 (**Questionnaire may not be signed or used if the franchisee resides within, or the franchised business will be located within, a franchise registration state**)
- EXHIBIT "H"-3 General Release
- EXHIBIT "H"-4 ~~Satellite Office Addendum~~ [Social Media Policy](#)
- ~~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
- 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: \_\_\_\_\_

## TABLE OF CONTENTS

1.	DEFINITIONS .....	1
2.	GRANT OF FRANCHISE .....	7
3.	TERRITORIAL RIGHTS AND LIMITATIONS .....	7
4.	TERM AND RENEWAL .....	7
5.	TRAINING AND CONFERENCES .....	8
6.	OTHER FRANCHISOR ASSISTANCE.....	9
7.	ESTABLISHING YOUR BUSINESS .....	10
8.	MANAGEMENT AND STAFFING.....	11
9.	FRANCHISEE AS ENTITY .....	13
10.	ADVERTISING & MARKETING. ....	13
11.	OPERATING STANDARDS.....	15
12.	MINIMUM PERFORMANCE REQUIREMENTS .....	20
13.	FRANCHISE ADVISORY COUNCIL.....	21
14.	FEES.....	21
15.	BRAND PROTECTION COVENANTS. ....	22
16.	YOUR OTHER RESPONSIBILITIES.....	23
17.	INSPECTION AND AUDIT .....	25
18.	INTELLECTUAL PROPERTY .....	26
19.	INDEMNITY.....	27
20.	TRANSFERS.....	28
21.	TERMINATION .....	29
22.	POST-TERM OBLIGATIONS. ....	31
23.	DISPUTE RESOLUTION .....	32
24.	REPRESENTATIONS .....	33
25.	GENERAL PROVISIONS .....	34

### ATTACHMENTS

ATTACHMENT "A"	Deal Terms
ATTACHMENT "B"	Form of Site Approval Notice
ATTACHMENT "C"	Lease Addendum
ATTACHMENT "D"	Franchise Owner Agreement
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 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", 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(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 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 excludes: (a) sales or use taxes you pay to a Governmental Authority; (b) revenue you collect and subsequently refund to a customer in a bona fide refund transaction; (c) Gross Sales; 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.

“AI Technology” means [an engineered or machine-based system designed to simulate human intelligence that exhibits adaptiveness after deployment and/or generates outputs \(e.g., predictions, recommendations or decisions\) for a given set of inputs/objectives, including systems employing computation techniques to simulate intelligent behavior or automate complex tasks \(e.g., machine learning, deep learning, natural language processing, computer vision, neural networks, generative artificial intelligence, predictive analytics, intelligent automation tools and algorithmic processing systems\).](#)

“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” 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.

“BPC-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 education business that we authorize to operate under our Marks and use our System.

“Center Territory” means the protected territory for your Center, as further described in §3.

“Claim” means any action, allegation, assessment, claim, demand, litigation, proceeding or regulatory procedure, investigation or inquiry.

“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 Competing Business does not include any Center ~~or Satellite Office~~-operated pursuant to a valid franchise agreement, ~~or~~ license agreement ~~or Satellite Office Addendum~~ signed by us or our affiliate.

“Confidential Information” means and includes: (a) Know-How; (b) Business Data; (c) information in the Manual or comprising the System; (d) terms of Definitive Agreements and any amendments thereto; and (e) 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) designated as confidential; (ii) known by you to be considered confidential by us; and/or (iii) reasonably to be considered confidential due to their nature. Confidential Information does not include 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 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 the information to you or an Owner without breaching 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 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.

“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 related to any of the foregoing, including Franchise Owner 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.

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

“Enrichment Sales” means the total amount of Gross Sales 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 a business or Entity (including voting rights).

“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 promptly notifies the other party of the Force Majeure 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 an Entity that: (a) signs this Agreement as the franchisee (if this Agreement is signed by an Entity); or (b) assumes this Agreement subsequent to its execution by the original Owners.

“General Release” means our then-current form of Waiver and Release of Claims you and your Owners must sign pursuant to: (a) §4.2 in connection with a franchise renewal; (b) §20.2 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, including a court or taxing authority.

“Gross Sales” means the total gross sums (a) collected from all goods and services sold from or in connection with your Center or (b) that otherwise relate to your Center, including advertising 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 excludes: (a) sales or use taxes you pay to a Governmental Authority; (b) revenue you collect and subsequently refund to 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; 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) goods or services offered or sold at a Center, (b) method of operation of a Center, (c) processes, systems or procedures utilized by a Center, (d) marketing, advertising or promotional materials, programs or strategies utilized by a Center or (e) trademarks, service marks, logos or other intellectual property utilized by a Center, whether developed by you, an Owner, an employee or any other Person.

“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 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 owned by LBIS and used by franchisees and 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(b).

“Losses and Expenses” means and includes any 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 a Claim; settlement amounts; judgments; 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.

“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.

“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.

“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 an Equity Interest in the Business or Franchisee 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 Transfer: (a) between existing Owners; or (b) by the Owners to a 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, the two-year period after the termination, expiration or Transfer of this Agreement; *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 termination, expiration or Transfer of this Agreement.

“Post-Term Restricted Period” means, with respect to an Owner, 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 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 a director, officer, employee, manager, consultant, creditor, representative, agent or in any similar capacity) in a Competing Business, other than owning less than 5% of the Equity Interests in a Competing Business that is a publicly-traded company; (b) disparaging or otherwise making negative comments about us, our affiliate, the System 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, our affiliate or another franchisee; and/or (d) inducing any Person to transfer their business from a Center to a competitor.

“Restricted Territory” means the geographic area within a 25-mile radius from: (a) your Center (including your Center’s premises); and (b) any ~~Satellite Office you develop (including your Satellite Office’s premises); and (c) any other Center or Satellite Office~~ that is operating or under construction when the Post-Term Restricted Period begins; *provided, however*, that if a court of competent jurisdiction determines the foregoing Restricted Territory is too broad to be enforceable then Restricted Territory means the geographic area within a 25-mile radius from: ~~(a) your Center (including your Center’s premises); (b) 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 as ATTACHMENT "B" that we may issue to you pursuant to §3.2 and §7.1 to identify your Center Territory and the approved site for your Center.

“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 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 excludes: (a) sales or use taxes you pay to a Governmental Authority; (b) revenue you collect and subsequently refund to a customer in a bona fide refund transaction; (c) Affiliate Program Sales; 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 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, AI Technology, 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.

“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, assignment, sale, conveyance, subdivision, sublicense or other transfer or disposition of:

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

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

“*Travel Expenses*” means and includes all travel, meals and lodging expenses incurred by us and 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.

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. **TERRITORY.**

3.1. **Territory Description.** We will grant you a 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 before signing this Agreement, we will describe your Center Territory in Part D of ATTACHMENT "A". Otherwise, we will describe your Center Territory in the Site Approval Notice we send to you within 15 days after we approve your site pursuant to §7.1. 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 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 may, but need not, accept).

3.3. **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 located in 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 that involve, or subsequently result in, conversion of the acquired or acquiring company’s outlets to BEST IN CLASS EDUCATION CENTER® outlets, even if those outlets are located 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.

4. **TERM AND RENEWAL.**

4.1. **Generally.** This Agreement grants you the right to operate your Center during the Term. You may renew your franchise rights by signing a Successor Agreement for a five (5) year renewal term. You may enter into a maximum of three (3) Successor Agreement(s). 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 (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 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. If this Agreement is a Successor Agreement, 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 renew you and the Owners (as applicable) must:

- (a) send us a notice of your intent to enter into a Successor Agreement not less than 210 days nor more than 270 days before the expiration of the Term or renewal term, as applicable;
- (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;
- (c) sign the Successor Agreement and all ancillary documents we require franchisees to sign;
- (d) sign a General Release;
- (e) pay us a \$2,500 renewal fee;
- (f) remodel your Center and upgrade your furniture, fixtures and equipment to conform to our then-current standards and specifications; and
- (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 notice of non-renewal at least 180 days prior to the expiration date, which shall set forth the basis for our decision. If you have any objection to our notice of non-renewal, including a dispute as to the 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 constitutes our offer to renew your franchise in accordance with, and subject to, the renewal terms and conditions set forth above.

**4.3. Interim Term.** If you do not sign a Successor Agreement but continue to operate your Center after the Term expires, we may either treat this Agreement as: (a) expired as of the Term expiration date with you operating 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 notice of termination of the Interim Term. All your obligations remain in full force and effect during the Interim Term, if applicable, as if this Agreement had not expired, and all obligations imposed on you upon expiration of the Term will take effect upon termination of the Interim Term.

## **5. TRAINING AND CONFERENCES**

**5.1. Initial Training.** The Managing Owner and all initial Managers must successfully complete our franchise operations and management training program (“Management Training”) before 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 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. Post-Opening Training.** Any new Managing Owner or Manager appointed or hired after your Center opens must successfully complete Management Training prior to managing your Center. We may, but need not, allow your Managing Owner to train new Managers you hire. We may offer periodic refresher or supplemental training courses for your Managing Owner and Managers. We may designate each course as mandatory or optional, but will not require attendance at more than five (5) days of such training per year. If we determine your Center is not operating in full compliance with this Agreement or the Manual, we may require that your Managing Owner and 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.

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

- 5.4. **Training Fees and Expenses.** We provide our 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 Management Training after opening; and (b) any Person who retakes 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 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 or supplemental training we conduct at our headquarters or a company-owned Center. If we provide onsite training or assistance, you must also reimburse all Travel Expenses we incur, including as set forth in §6.3. 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 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. **BCP-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. BCP-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 BCP-LMS. You must utilize BCP-LMS in accordance with the Manual.
- 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 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 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 currently maintain a corporate website for our brand. We will also create and host a webpage for your Center that will: (a) be linked to our corporate website; and (b) list information about your Center we deem appropriate. We control all content on your Center's webpage but will consider your suggestions in good faith. We will own your Center's webpage and domain name. We may change or discontinue our website and/or your Center's webpage at any time.
- 6.8. **Purchase Agreements.** We may, but need not, negotiate purchase agreements with suppliers to obtain discounted prices for franchisees. We or our affiliate may also purchase goods from suppliers in bulk and resell them to you at our cost plus shipping fees and a markup (not to exceed 5% of our cost to purchase the item).

## 7. ESTABLISHING YOUR BUSINESS

- 7.1. **Site Selection.** You must identify and obtain our approval of the site for your Center within 120 days after the Effective Date. The 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 all documents, information, photos and video we require. We may accept or reject sites you propose in our commercially reasonable judgment. We try to notify you of our decision within 15 days after we receive all requisite materials. Your site is deemed disapproved if we do not issue our approval within the 15-day period. If we approve the site for your Center before signing this Agreement, we will list the address of your approved site in Part C of ATTACHMENT "A". Otherwise, we list the address of your approved site in the Site Approval Notice. Our approval of a site is not a representation or warranty of any kind, express or implied, of the suitability of the site for a Center. It only 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 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 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. 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.** After we approve your construction plans, 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:
- (a) the Managing Owner successfully completes our initial training program;
  - (b) you purchase all required insurance policies and provide us with evidence of coverage;
  - (c) you secure all required licenses, permits and approvals from Governmental Authorities;
  - (d) we review and approve the construction, build-out and layout of your Center; and
  - (e) 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.

- 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) 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 onsite management 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. Either the Managing Owner or a trained Manager must be onsite at your Center during normal business hours. The Managing Owner must supervise the Manager to ensure the Center is operated in 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 will hire, train and supervise employees to assist you with the proper operation of the Center. You must pay all associated wages, commissions, benefits, worker’s compensation premiums and payroll taxes (and other withholdings required by Law). 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 employee applications, paystubs, pay checks, employment agreements and similar documents. We do not control the hiring or firing of your employees. You have sole authority and responsibility for all employment-related decisions, including hiring, promotion, hours worked, rates of pay, benefits, work assignments, training and working conditions. We do not provide guidance or advice on these matters. You must 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 may, but need not, designate a Person (an “Interim Manager”) to manage your Center if either: (a) you fail to appoint an approved replacement Managing Owner, who has successfully completed Management Training, within 30 days after your Managing Owner ceases to perform the responsibilities of a Managing Owner for any reason; or (b) you 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 the Interim Manager manages your Center; and (b) reimburse all Travel Expenses incurred by the Interim Manager. The Interim Manager has no liability to you except for gross negligence or willful misconduct. We have no liability to you for an Interim Manager's actions unless we are grossly negligent in appointing the Interim Manager.

9. **FRANCHISEE ENTITY.** You represent that Part A of ATTACHMENT "A" includes a complete and accurate list of your Owners. Upon request, you must send us 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. Each Owner of the Franchisee Entity, and the spouse of each Owner who is a natural Person, must sign a Franchise Owner Agreement.

## 10. ADVERTISING & MARKETING.

10.1. **Brand Fund.** We currently administer a brand and system development fund to promote public awareness of our brand and improve our System. On each royalty fee due date, you must 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:

- (a) developing, administering or distributing advertising and marketing materials and programs;
- (b) conducting and administering promotions, contests or giveaways;
- (c) public and consumer relations and publicity;
- (d) 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;
- (h) development, maintenance and promotion of an ecommerce platform;
- (i) development and implementation of quality control programs and customer satisfaction surveys;
- (j) conducting market research;
- (k) changes and improvements to the System;
- (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;
- (n) collecting and accounting for brand fund fees and preparing financial accountings of the fund;
- (o) any other programs or activities we deem appropriate to promote or improve the System; and
- (p) direct or indirect labor, administrative, overhead and other expenses incurred by us and/or our affiliates relating to any of these activities, including salary, benefits and other compensation of

any of our (and any of our affiliate's) officers, employees or independent contractors based on time spent working on any brand fund matters described above.

We have sole discretion in determining the content, concepts, materials, media, endorsements, frequency, placement, location and all other matters pertaining to marketing or advertising activities. Any surplus 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. We will prepare, and make available to you upon request, an annual statement of fund operations, including deposits and disbursements. In terms of marketing activities paid for by the fund, we do not ensure that: (a) expenditures in (or affecting) a given geographic area are proportionate or equivalent to the brand fund fees paid by franchisees in that geographic area; or (b) franchisees benefit directly or in proportion to their brand fund fees. We may suspend or discontinue the fund at any time upon 30 days' prior notice.

**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 provide you with access to local advertising assets such as print marketing materials, social media templates and stock photography. 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; and/or (c) contract with third-party suppliers to create and sell these materials 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. 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. Commencing ~~30 days in your third month~~ 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.~~
- (c) Advertising Standards. All 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.
- (d) Extraterritorial Advertising. You may not engage in targeted marketing directed outside your Center Territory. Marketing that is distributed, circulated or received both within 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 in your Center Territory; and

- (ii) most recipients of the advertising are located 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) Advertising Approval. Prior to use, we must approve all advertising and marketing programs and materials you intend to use, including all materials we did not prepare or previously approve, or that we prepare or approve and you modify. We must also approve the media you use. You may not use any advertising materials, programs or media that we have not approved or that we approve and later disapprove. We have 10 business days to review and approve or disapprove advertising and marketing materials and programs you submit. Our failure to 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 promote your Center using social media provided that: (i) you only utilize social media platforms we approve; (ii) you strictly comply with our social media policy 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.
- (g) Internet and Websites. Without our prior approval, you may not: (i) develop, host, or otherwise maintain a website (or other digital presence) 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:

- (a) architectural plans and specifications for the design, dimensions, layout, equipping and trade dress for a prototype Center;
- (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;
- (c) a description of the goods and services that we authorize for sale from your Center, including class offerings and special programs;
- (d) specifications, techniques, methods, operating procedures and quality standards; and
- (e) minimum qualifications and criteria for Teachers and Managers;
- (f) policies and procedures pertaining to: (i) reporting and data entry; (ii) accounting and bookkeeping; (iii) insurance; (iv) marketing and advertising; (v) gift card programs; (vi) use of BCP-LMS or other Technology Systems; (vii) AI Technology; (viii) data ownership, use, transfer and protection; and (viii) any other matters we deem appropriate.

The Manual is designed to establish and protect our brand standards and the uniformity and quality of the goods and services offered by Centers. We can modify the Manual at any time. Modifications are binding at the time we notify you of the change, subject to any “grace period” we provide to implement the change. All mandatory provisions in the Manual (whether 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 and/or 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, lease or license, as applicable, all goods, services and other items 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 exclusively from suppliers we designate or approve. The Manual may 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 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 operation of Centers, protect our trade secrets, negotiate bulk purchase discounts and protect the reputation and goodwill associated with our System and 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 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, benefits and other consideration from suppliers based on your purchases, 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 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 equipment that is damaged, worn-out or obsolete. We may require that you change your equipment. Our right to require these changes is critical to our ability to administer and change the System and you must comply with these changes within the time period we reasonably specify.

**11.8. 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: distribution of educational materials; remote learning; student enrollment, tracking and management; purchasing; pricing; accounting; order entry; inventory control; security; data storage, retrieval and transmission; client information; client loyalty; marketing; communications; copying, printing and scanning; or any other business purpose we deem appropriate. We may require that you 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 your Technology Systems; (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. 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 sales data for purposes of calculating fees owed. Upon request, including upon termination or expiration of this Agreement, you must provide us with user IDs and passwords for your Technology Systems.

- (c) AI Technology. Except as otherwise provided below or in the Manual, you may not use AI Technology without our approval. You do not need our approval to use commercially available off-the-shelf productivity software with embedded AI Technology features (e.g., Microsoft Office with Copilot or Google Workspace with Gemini) for internal business purposes provided that: (i) you only use commercially available standard features and configurations (e.g., no beta, preview, experimental or custom features, third-party plugins, extensions or integrations); (ii) you do not input, upload, submit, expose or otherwise make available to AI Technology any Confidential Information; (iii) you do not authorize, permit or enable training, fine-tuning, grounding or improvement of any AI models, algorithms, products or services based on Confidential Information (if available, you must affirmatively opt out of any such training or improvement features and send us confirmation of same upon request); (iv) you do not use AI Technology (1) for consumer-facing, client-facing or other external communications, content or materials, (2) for marketing analytics, targeting, lead qualifying, profiling or other activities involving clients or third parties, (3) in violation of any Law, (4) in a manner that may cause physical or psychological harm or materially impact the health, safety or fundamental rights of any natural Person or (5) in any other manner prohibited by the Manual; and (v) you maintain commercially reasonable security measures to prevent unauthorized access to or disclosure of any data processed through such AI Technology and immediately notify us of any suspected or actual data breach, security incident or unauthorized use involving AI Technology.

- (c)(d) 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 unauthorized Persons. Upon request, you must obtain and maintain cyber insurance and business interruption insurance for technology disruptions.

- ~~(c)~~(e) 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.

- ~~(c)~~(f) 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(g)). 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.

(f)(g) Fees and Costs. You are responsible for all fees, costs and expenses associated with acquiring, licensing, utilizing, updating and upgrading Technology Systems. Certain Technology Systems must be purchased or licensed from third-party suppliers. We and/or our affiliate may develop proprietary Technology Systems (or components thereof) that 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, sign our prescribed form of license agreement governing use of proprietary Technology Systems (or components thereof). We may enter into master agreements with licensors of Third-Party Technology and charge you for amounts we pay them based on your use of their Third-Party Technology. We may charge you a technology fee, which includes all amounts you pay us and our affiliates relating to Technology Systems, including amounts paid for proprietary items and amounts we collect from you and remit to suppliers of Third-Party Technology. The technology fee may change based on changes to Technology Systems or prices charged by third 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 amounts you pay directly to third-party suppliers. The technology fee is due 10 days after invoicing or as we otherwise specify. We list the current technology fee in the Manual.

**11.9. Remodeling and Maintenance.** We may periodically require you to remodel and renovate your Center to conform to our then-current standards and specifications. There is no limitation on the cost of these 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 renovate your Center without our prior approval. We will not approve any remodeling or renovations that 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 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 periodically: (a) inspect your Center in accordance with §6.5 and §17.1; and/or (b) hire mystery shoppers or quality assurance 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. We may require that you directly pay any mystery shopper or firm we hire for the cost of the inspection. Alternatively, we may pay for the cost of the inspection and require you to reimburse us. 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 goodwill associated with the Marks. If we notify you of a breach of our standards or operating procedures (including failure to submit required reports in a timely manner) and you fail to cure within the time period we prescribe, we may (in addition to our other remedies under this Agreement) impose a noncompliance fee of \$500 per occurrence. We may impose a separate \$100 fee every 48 hours the same noncompliance issue remains uncured after we impose the initial fee. Any noncompliance fees we collect 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 any) and we take steps to cure the breach (for example, obtaining required insurance coverage on your behalf or paying amounts you owe to system suppliers), then you must reimburse all costs and expenses we directly or indirectly incur in connection with our efforts to cure the default. Your payment of noncompliance fees and default expense reimbursements does not preclude us from terminating this Agreement in accordance with §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 FAC would be established and operated according to rules and regulations we periodically prescribe or approve, including procedures governing the selection of FAC representatives to communicate with us on matters raised by the FAC. You are eligible to be appointed as an FAC member as long as you comply with this Agreement and do not act in a disruptive or abusive manner. As a member, you would be entitled to all voting rights and privileges granted to other FAC members. Each member would 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 12% of Gross Sales plus 12% of Affiliate Program Sales 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.

**14.4. 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).

**14.5. Due Date & Late Fee.** Payments are due 10 days after invoicing unless otherwise specified. If any sum due under this Agreement is not 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 \$100 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. We will not impose a late fee for any amount paid pursuant to §14.6 if, but only to the extent that, sufficient funds were available in your Account to be applied towards the payment when due; *provided, however*, that if we are unable to determine the amount due because you fail to record sales or submit Gross Sales reports in a timely manner, we may assess a late fee on the entire amount that was due. This §14.5 shall not constitute our agreement to accept late payments or extend credit to you. All fees and payments are nonrefundable unless otherwise noted.

**14.6. 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 our franchise system because you and the Owners receive an advantage through knowledge of our day-to-day operations and Know-how. You and the Owners agree to comply with the covenants in §15 to protect the Intellectual Property and our franchise system.

**15.2. Intellectual Property & Confidential Information.** You and the Owners agree to: (a) refrain from using any Intellectual Property or Confidential Information in any business or for any purpose other than the operation of your Center pursuant to this Agreement; (b) maintain the confidentiality of our Confidential Information at all times; (c) refrain from making unauthorized copies of documents containing Confidential Information; (d) take all steps we reasonably require to prevent unauthorized use or disclosure of Confidential Information; and (e) stop using the Intellectual Property and Confidential Information immediately upon the expiration, termination or Transfer of this Agreement (any Owner who ceases to be an Owner before the expiration, termination or Transfer of this Agreement must stop using the 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 Competing Business during the Post-Term Restricted Period as long as the Competing Business is not located (and does not operate) within the Restricted Territory. If you or an Owner engage in a Prohibited Activity during the Post-Term Restricted Period (other than having an interest in a 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 by disclosing 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 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 if any member of his or her immediate family engages in any Prohibited Activity during the Term or Post-Term Restricted Period or uses or discloses Confidential Information. However, the Owner may rebut this presumption with evidence conclusively showing he or she did not disclose Confidential Information to the family member.
- 15.5. Employees.** All employees, officers, directors, independent contractors and other Persons associated with you or your Center must sign and send us a Confidentiality Agreement before accessing our Confidential Information. You must: (a) use best efforts to ensure these individuals comply with the Confidentiality Agreements; (b) immediately notify us of any breach that comes to your attention; and (c) reimburse 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 covenants in §15 are reasonable both in duration and geographic scope; (b) our use and enforcement of similar covenants with other franchisees benefits you and the Owners 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 covenants in §15.
- 15.7. Breach of Covenants.** You and the Owners agree that: (a) any breach of §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 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 us to post a bond despite our agreement to the contrary, the bond amount may not exceed \$1,000. No remedy available to us under this Agreement 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.

## **16. YOUR OTHER RESPONSIBILITIES**

- 16.1. Insurance.** For your protection and ours, you agree to maintain the following insurance policies:
- (a) "all risk" property insurance, including coverage for fire, vandalism and malicious mischief, with minimum coverage for full replacement cost, covering all assets including inventory, furniture, fixtures, equipment and other property used to operate the Center;
  - (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;
  - (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);
  - (d) sexual assault and molestation of minors insurance with minimum liability protection of (i) \$100,000 combined single limit per occurrence and \$300,000 in the aggregate (for the initial three (3) years of operation) and (ii) \$500,000 combined single limit per occurrence and \$500,000 in the aggregate (for remainder of Term);
  - (e) worker's compensation and employer's liability insurance as required by Law;
  - (f) any insurance required under your lease or by Law; and
  - (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 a policy renewal; and (c) any other time on demand. You must obtain these policies from licensed insurance carriers rated A or better by AM Best. Each policy must satisfy all requirements in the Manual and be endorsed to: (a) name us and our owners, officers and directors as additional insureds; (b) waive all subrogation rights against us; and (c) provide us with at least 10 days' prior written notice of the termination, expiration, cancellation or modification of the policy. We may disapprove any policy that fails to meet these criteria, 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, 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 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 each royalty fee due date, you must prepare and send us a monthly statement of your Total Sales for the prior month (broken down between Gross Sales, Special Program Sales and Affiliate Program Sales). If you miscalculate Total Sales (or any component thereof), you must notify us of the error no later than the end of the next reporting period. Otherwise, you will not be entitled to a refund or credit of fees paid to us based on previously reported Total Sales (or any component thereof).
- (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 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.

**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.

**16.7. Data Ownership & Protection.**

(a) Ownership & Use. We are the exclusive owner of all Business Data, whether collected by you, us or any other Person. We hereby grant you a license to use the Business Data solely for purposes of operating your Center in compliance with this Agreement.

(b) Protection. You must protect all Customer 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 must comply with all applicable data protection Laws and our data processing and data privacy policies in the Manual (if any). Upon request, you must sign any data processing or data privacy agreement required by us or by Law. ~~You further~~ You may not enter Business Data into public/open AI models or any other AI model that uses such information to train the AI without our prior approval.

(c) PCI-DSS. You agree to: (a) obtain, maintain and adhere to all applicable compliance standards established by PCI-DSS; (b) establish appropriate administrative, technical and physical controls consistent with Law and PCI-DSS to preserve the security and confidentiality of credit card information (in any form) that you store, process, transmit or come in contact with; (c) promptly notify us if you suspect, or there has been, a security breach or potential compromise of credit card information; (d) provide us with updates regarding the status of PCI-DSS via completed PCI AOC (Attestation of Compliance), PCI-DSS SAQ (Self-Assessment Questionnaire) or other mutually-agreed method; and (e) promptly notify us of any PCI-DSS noncompliance to discuss your remediation efforts and timeline.

(d) Data Breach. In the event of a data breach, we reserve the right to exclusively control the response, but we have no liability to you for any damages arising from the data breach. You must cooperate with us and follow our instructions relating to the data breach.

## **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:

- (a) examining and copying your books, records, accounts and tax returns;
- [\(b\) auditing your use of AI Technology and related data handling practices;](#)
- ~~(b)~~(c) inspecting and testing your equipment;
- ~~(c)~~(d) monitoring classes and Teacher/student interactions at your Center;
- ~~(d)~~(e) evaluating the condition of your Center for cleanliness, sanitation and state of repair;
- ~~(e)~~(f) monitoring and speaking with your staff; and
- ~~(f)~~(g) contacting and speaking with your landlord, students and parents of students.

We may conduct inspections at any time without prior notice. 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 to retrieve Business Data. 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 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 §14.5. 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%. 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 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. Intellectual Property Changes.** We may change the Intellectual Property at any time in our sole discretion, including 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 our primary Mark, BEST IN CLASS EDUCATION CENTER<sup>®</sup>, we will reimburse you for your reasonable documented expenses of compliance (changing signage, brochures, stationary, etc.). Other than the foregoing reimbursement obligation, we have no liability to you for any expenses, losses or damages you incur (including loss of goodwill associated with a Mark) 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; (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 trademark and service mark registrations and copyrights; and (c) 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 we license to you); (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 a Mark, or a trademark confusingly similar to a Mark, with a 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 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 compliance with this Agreement and the Manual.

**18.5. Improvements.** If you (or your Owner or employee) conceive of or develop an Improvement, you must send us a notice describing the Improvement. You must obtain our approval prior to using the Improvement. Any Improvement we approve may be used by us and any 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, including the right to grant sublicenses. If applicable Law precludes you from assigning ownership to us, then you must grant us a perpetual royalty-free license to use, commercialize and sublicense the Improvement in any manner we deem appropriate.

**18.6. IP Disputes.** You must immediately notify us of any IP Dispute. You may not communicate with any Person other than us and our counsel in connection with the IP Dispute. We have sole discretion in deciding what action, if any, to take in response to an IP Dispute. We exclusively control all litigation and other proceedings relating to IP Disputes. You must execute all documents, render all assistance, and perform all acts that our counsel deems necessary or advisable to protect or maintain our interest in the 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 they incur as a result of or in connection with:

- (a) the marketing, use or operation of your Center;
- (b) the breach of a Definitive Agreement committed by you or your Owner or affiliate;
- (c) the breach of an agreement with a third party committed by you or your Owner or affiliate;
- (d) any representations made by you or your Owner to a transferee in connection with a Transfer;
- (e) any Claim relating to taxes or penalties a Governmental Authority assesses against us as a direct result of your failure to pay or perform functions required of you under this Agreement;
- (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);
- (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
- (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 have the right, in their sole discretion, to: (a) retain counsel of their choosing to

represent them with respect to the Claim; and (b) control the response thereto and the defense thereof, including the right to settle the Claim. You may participate in the defense at your expense. You must fully cooperate and assist the Indemnified Parties with defense of the Claim and reimburse all costs and expenses they incur in defending the Claim including, without limitation, mediation, arbitration or court 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 approval. Any Transfer (other than a Permitted Transfer) without our approval is void and 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 own and operate a Center and meets our minimum criteria for franchisees;
- (b) you and your affiliates and Owners are in full compliance with all Definitive Agreements;
- (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);
- (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;
- (e) the transferee and its owners obtain all licenses and permits required by applicable Law to own and operate the Center;
- (f) the transferee (i) agrees to discharge and guarantee your obligations under this Agreement and any other Business, including contracts (including, customer contracts and supplier contracts) and (ii) signs any agreement we require to confirm the foregoing;
- (g) the transferee and its owners sign our then-current form of franchise agreement (unless we instruct you to assign this Agreement to the transferee) except that: (i) the Term and renewal term(s) shall be the Term and renewal term(s) remaining under this Agreement unless we specify otherwise; and (ii) the transferee need not pay a separate initial franchise fee;
- (h) the transferee agrees to remodel the Center and upgrade all furniture, fixtures and equipment to conform to our then-current standards and specifications (these changes must be completed within 12 months after the Transfer or such shorter period of time we specify);
- (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 (in addition to the transfer fee, you must reimburse us for any commission we pay our broker if our broker finds the transferee);
- (j) you and your Owners sign a General Release;

- (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);
- (l) we choose not to exercise our right of first refusal described in §20.5; and
- (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 we have against the transferor or our right to demand the transferee 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 notice; and (b) upon our request, cause the former Franchisee Entity 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 transferee) must sign all documents we reasonably request to effectuate and document the Permitted Transfer.
- 20.4. Owner Death or Disability.** Within 180 days after an Owner's death or permanent disability, the Owner's Equity Interest in the Business or Franchisee Entity must be Transferred to another Person in compliance with §20.2 or §20.3. An Owner is deemed to have a "permanent disability" only if he/she has a medical or mental problem preventing him/her from substantially complying with his/her obligations under this Agreement or operating the 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 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 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 60 days to prepare for closing. You or the Owner, as applicable, must provide us with all customary representations and warranties regarding the title to and condition of the assets or Equity Interest that we purchase, or at our 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, including our approval of the transferee. If the sale is not completed within 120 days after we receive the offer, 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' 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"), which is paid for lost profits we incur 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. By Us.** We may terminate this Agreement, effective upon delivery of a notice 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:

- (a) if you are insolvent due to your inability to pay your debts as they become due;
- (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);
- (c) if your Center, or substantially all of its assets, are seized by a Government Official or taken over or foreclosed upon by a creditor, lienholder or lessor;
- (d) if a final judgment against you remains unsatisfied for 30 days unless a supersedes or other appeal bond has been filed;
- (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;
- (f) if the Managing Owner fails to satisfactorily complete initial training as required by §5.1;
- (g) if you fail to identify an approved site, secure a fully executed lease and Lease Addendum or open your Center before the associated deadlines set forth in §7.1, §7.2 or §7.5, respectively;
- (h) if you abandon or fail to operate your Center for three (3) consecutive business days unless due to Force Majeure (in which case §25.6 governs) or another reason we approve;
- (i) if a Governmental Authority suspends or revokes a license or permit required to lawfully operate the Center unless the suspension/revocation is overturned within 20 days thereafter;
- (j) if you operate 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;
- (k) if you underreport Gross Sales, Special Program Sales and/or Affiliate Program Sales by at least 3% on two (2) or more occasions;
- (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));
- (m) if you fail to timely notify us of a Reportable Event in accordance with §16.6;
- (n) 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;
- (r) if you (or an Owner) make an unauthorized Transfer;
- (s) if you (or an Owner) use the Intellectual Property in an unauthorized manner;
- (t) if you (or an Owner) breach a brand protection covenant in §15 or representation in §24.3;

- (u) if an Owner (or their spouse) breaches a Franchise Owner Agreement;
- (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;
- (w) if the lease for your premises is terminated due to your default;
- (x) if we send you three (3) or more default notices within a 12-month period (even if cured);
- (y) if we (or our affiliate) terminate any Definitive Agreement, other than an area development agreement, due to a default committed by you (or your affiliate or an Owner); or
- (z) if you (or an Owner) breach any other provision of this Agreement, including any mandatory provision in the Manual, and fail to cure within 30 days after receipt of a default notice.

If we send you a default notice 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.

**21.3. 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.

## **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:

- (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;
- (e) pay us all amounts you owe including, if applicable, the Early Termination Fee;
- (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;
- (i) comply with our instructions to return, destroy or transfer all copies of the Manual and Copyrighted Materials and all signs, brochures, advertising and promotional materials, forms and other materials bearing the Marks or containing Confidential Information;
- (j) alter the interior and exterior of the premises to the extent necessary, or to the extent we require, to prevent any further resemblance to or connection with a Center or our System, including repainting the exterior and interior with new colors and removing trade dress, fixtures, signage, window decals and décor items associated with a Center;
- (k) notify all telephone, listing and domain name registration companies of the termination or expiration of your right to use: (i) any telephone numbers and/or domain names associated with your Center; and (ii) any regular, classified or other telephone directory listings associated with the Marks (you hereby authorize the foregoing companies to transfer such telephone numbers, domain names and listings to us and you authorize us, and appoint us and any officer we designate as your attorney-in-fact to direct these companies to transfer the telephone numbers, domain names and listings to us if you fail or refuse to do so); and
- (l) provide us with satisfactory evidence of your compliance with the above obligations within 30

days after the effective date of the termination, expiration or Transfer of this Agreement.

Subsections (h), (i), (j) and (k) above shall not apply if you Transfer your Center to an approved transferee or we exercise our right to purchase your Center. If an Owner transfers his or her entire Equity Interest in the Business or Franchisee Entity but you continue to operate the Center pursuant to this Agreement, then this Section shall not apply to you (or to any remaining Owner) and the former Owner shall be subject only to the obligations set forth in subsections (a) and (b).

## **22.2. Purchase Option.**

- (a) Generally. Upon termination or expiration of this Agreement we have the option to purchase your Center and/or its assets. If we choose to exercise our purchase option, we will notify you of the assets we wish to purchase (the “Acquired Assets”) within 20 days after the termination or expiration date. If we exercise our purchase option we may require that: (i) you assign your lease to us at no additional charge (if you lease the premises); or (ii) you or your affiliate enter into a lease with us upon standard and commercially reasonable leasing terms, including rent at fair rental value, for a term of 10 years or such shorter term that we specify (if you or your affiliate own the real estate). The purchase price for the Acquired Assets will be: (i) the purchase price established by the parties (if mutually agreed upon); or (ii) the Appraised Value established in accordance with §22.2(b) below. We may, at our option, assign our purchase option to a designee of our choosing.
- (b) Appraisal Process. If the parties cannot agree on the purchase price, the purchase price shall be the Appraised Value established in accordance with this Section. “Appraised Value” means the fair market value of the Acquired Assets as of the date this Agreement is terminated or expires, as applicable; *provided, however*, that fair market value shall not include any value for goodwill and/or the franchise rights granted by this Agreement. The parties shall attempt to mutually agree upon a single independent appraiser. If they fail to do so, either party may demand the appointment of three (3) appraisers in accordance with the following: (i) no later than 15 days after the demand, each party shall appoint one (1) appraiser and notify the other party of the appointed appraiser’s name and contact information; and (ii) no later than 30 days after the demand, the two (2) appraisers appointed by the parties will jointly appoint a third (3<sup>rd</sup>) appraiser. If either party fails to appoint an appraiser within the 15-day period, then the appraiser 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. If a single appraiser is appointed, the purchase price shall be the Appraised Value established by the appraiser. If three (3) appraisers are appointed, the purchase price shall be: (i) the Appraised Value agreed upon by at least two (2) of the appraisers; or (ii) the average of the two (2) Appraised Values that are closest to each other if none of the appraisers agree upon the Appraised Value. Each party shall promptly pay 50% of the cost of the appraisal.
- (c) Closing. The parties shall memorialize the acquisition by executing the form of Asset Purchase Agreement we reasonably prescribe, which shall include customary representations and warranties regarding title to and the condition of the Acquired Assets. At closing you must transfer good and clean title to the Acquired Assets, subject to any exceptions set forth in the Asset Purchase Agreement, and we must pay you the purchase price. We may deduct from the purchase price: (i) any amounts you owe us or our affiliates under any Definitive Agreements including, if applicable, the Early Termination Fee and 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, either party may submit the Dispute to mediation before a mutually-agreeable mediator prior to arbitration. All negotiations and mediation proceedings (including all discovery conducted therein and statements and settlement offers made by either party or the mediator in connection with the mediation): (a) shall be strictly confidential; (b) shall constitute “settlement negotiations” for purposes of federal and state rules of evidence; and (c) shall not be admissible or otherwise used for any purpose in any court or arbitration proceeding (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. Any Dispute involving Claims alleging a breach of §15, §18 and/or §22 (referred to as “Excluded Claims”) is not subject to mandatory negotiation or mediation unless both parties agree otherwise.

**23.2. Arbitration.** If a Dispute is not resolved by mediation within 60 days after a party makes a demand for mediation, 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 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 is not 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 below. The parties hereby express their clear and unequivocal intent that a court, rather than a mediator or arbitrator, has exclusive jurisdiction to decide the threshold issue of whether a Dispute involves an Excluded Claim (i.e., whether any Claim alleges a breach of §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 consent to the jurisdiction of such courts.

**23.5. Attorney’s Fees and Costs.** If a Dispute is resolved through an arbitration or judicial proceeding, the substantially prevailing party 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 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 CLAIM (OTHER THAN FOR PAYMENT OF MONIES OWED OR 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 ARBITRATE OR LITIGATE A DISPUTE ON A CLASS ACTION BASIS.

## **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 agreement to which you are (or any affiliate of yours is) a party or by which your (or your affiliate’s) assets are bound; (b) violate any order, injunction, decree, judgment or ruling of a 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 its obligations hereunder; and (b) the execution and delivery of this Agreement have been duly authorized by all requisite corporate action

and this Agreement constitutes the legal, valid and binding obligation of, and 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 an Equity Interest in 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, alias, pseudonym, nickname or address on any Terrorist List, including 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 currently in effect, or enacted in the future, 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. The foregoing representations and warranties are ‘continuing’ representations and warranties for the duration of the franchise relationship. Accordingly, you must immediately notify us of the occurrence of an event or development of 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, 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 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. Neither party is obligated by any agreement or representation made by the other party unless expressly authorized by this Agreement.
- 25.3. Severability.** Each section of this Agreement (and portion thereof) is severable. If applicable Law imposes mandatory terms that conflict with this Agreement, the terms required by such Law shall govern to the extent of the inconsistency. If a court [[[or arbitrator]]] concludes any promise or covenant in this Agreement is unreasonable or unenforceable, we or the court [[[or arbitrator]]] may 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 is deemed to have waived or impaired any of its rights under this Agreement, including the right to require strict compliance with all terms of this Agreement or terminate this Agreement if the other

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 a party to exercise any right under this Agreement or require the other party to strictly comply with 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 payment from you after your breach.

- 25.5. 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.
- 25.6. Force Majeure.** Neither party shall be liable for loss or damage or deemed 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 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 a Site Approval Notice shall be deemed to amend this Agreement to identify the approved site and Center Territory for your Center, regardless of whether you countersign and/or return the Site Approval Notice. Any email or informal electronic communication shall not be deemed to modify this Agreement unless it is signed by both parties and expressly states it is intended to modify this Agreement. The attachments are part of this Agreement, which together with any Amendments or Addenda executed on or after the Effective Date, constitute the entire understanding and agreement of the parties. There are no other oral or written understandings or agreements between 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 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 may not imply any right or obligation inconsistent with the express terms hereof. This Agreement, and the relationship of the parties inherent in this Agreement, grants us discretion to make decisions, take actions 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 to exercise this discretion based on our assessment of our own interests and balancing our interests against the interests of our franchisees, but without considering the individual interests of you or any other franchisee.

**25.10. Rights of Parties are Cumulative.** The rights of the parties under this Agreement are cumulative and no exercise or enforcement by a party of any right or remedy under this Agreement precludes any other right or remedy available to such party under this Agreement or by 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 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. Notices.** All notices and notifications given under this Agreement must be in writing and must be delivered by: (a) hand delivery; (b) registered or 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’ prior 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 is deemed given on the earliest to occur of: (i) the date delivered by hand; (ii) the third (3<sup>rd</sup>) business day after placed in the mail or provided to special delivery services in accordance with 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 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 FRANCHISE AGREEMENT**

**DEAL TERMS**

**A. Franchisee Details**

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

Is the franchisee one or more natural 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 Person holding a direct or indirect Equity Interest in the Franchisee Entity, and spouse of each such 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 Person holding a direct or indirect Equity Interest in the Business or Franchisee Entity, as applicable, along with a description of their Equity Interest.

Owner's Name	% Equity 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 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 be limited to, the following geographic area (as may be further depicted on the map attached below):

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

If the boundaries that define the Center Territory change during the Term, the boundaries of your Center 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). 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 we do not approve the site for your Center before this Agreement is signed, we will send you a Site Approval Notice in accordance with §3.2 to identify the geographic area that comprises your Center Territory, which 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 the boundaries that define the Center Territory change during the Term, the boundaries of your Center 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 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: 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: \_\_\_\_\_

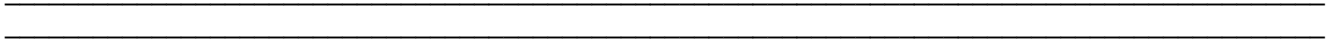
**TENANT:**

\_\_\_\_\_, (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 of Franchisee (defined below); and (b) the spouse of each such Owner who is a natural Person, in favor of BiC Franchise System Corporation, a Delaware corporation, and its successors and assigns (“us”). Each signatory to this Agreement is referred to as “you”.

1. **DEFINITIONS.** Capitalized terms not defined above have the meanings given to them below, or if not defined below, the meanings given to them in the Franchise Agreement:

“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 \_\_\_\_\_.

“Restricted Period” means the two-year period after the earliest to occur of: (a) the termination or expiration of the Franchise Agreement; (b) the date Franchisee assigns the Franchise Agreement to another Person with respect to whom neither you nor your spouse own an Equity Interest; or (c) the date neither you nor your spouse own 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 Restricted Period means the one-year period after the earliest to occur of: (a) the termination or expiration of the Franchise Agreement; (b) the date Franchisee assigns the Franchise Agreement to another Person with respect to whom neither you nor your spouse own an Equity Interest; or (c) the date neither you nor your spouse own an Equity Interest in the Business or Franchisee Entity.

2. **BACKGROUND.** In your capacity as an Owner (or the spouse of an 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 you could seriously jeopardize our 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” and not just Franchisee. You agree to comply with this Agreement 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.

3. **BRAND PROTECTION COVENANTS.**

- (a) Intellectual Property and Confidential Information. You agree to: (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) maintain the confidentiality of the Confidential Information at all times; (iii) refrain from making unauthorized copies of documents containing Confidential Information; (iv) take all steps we reasonably require to prevent unauthorized use or disclosure of Confidential Information; and (v) immediately stop using the Intellectual Property and Confidential Information at such time that you are (or your spouse is) no longer an 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 precludes you from assigning ownership to us, then you agree to perpetually license the Improvement 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 (or your spouse is) an Owner; or (ii) during the Restricted Period. Notwithstanding the foregoing, you may have an interest in a Competing Business during the Restricted Period as long as the Competing Business is not located (and does not operate) within the Restricted Territory. If you engage in any Prohibited Activity during the Restricted Period (other than having an interest in a Competing Business permitted by this Section) your Restricted Period will be extended by the period of time during which you engaged in the Prohibited Activity. Any such extension of time will not constitute a waiver of your breach or 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. You could circumvent the purpose of §3 by disclosing Confidential Information to immediate family members (i.e., parent, sibling, child or grandchild) and it would be difficult for us to prove your breach. For that reason you are presumed to have breached this Agreement if an immediate family member: (i) engages in a Prohibited Activity at any time you are prohibited from doing so; or (ii) uses or discloses Confidential Information. However, you may rebut this presumption with evidence conclusively showing you did not disclose Confidential Information to the family member.
- (d) Covenants Reasonable. You agree that: (i) the covenants in §3 are reasonable in duration and geographic scope; and (ii) you have sufficient resources, business experience and opportunities to earn an adequate living while complying with these covenants. Although you and we believe the covenants in §3 are reasonable we may, upon written notice to you, unilaterally modify the brand protection covenants in §3 of this Agreement by limiting the scope of the Prohibited Activities, narrowing the definition of a 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 the covenants are enforceable under applicable 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 bond amount may not exceed \$1,000. No remedy available to us under this Agreement 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.

- 4. **TRANSFER RESTRICTIONS**. We must approve all Persons who own an Equity Interest in the Business or Franchisee Entity. If you are an Owner, you agree that you will not Transfer an Equity Interest in the Business or Franchisee Entity except in accordance with §20 of the Franchise Agreement.
- 5. **FINANCIAL SECURITY**. In order to secure Franchisee's financial obligations under the Franchise Agreement and all other Definitive Agreements (collectively, the "Secured Agreements") you hereby personally and unconditionally: (a) guarantee to us and our 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) acceptance and notice of acceptance by us of the foregoing undertakings; (ii) notice of demand for payment of any indebtedness guaranteed; (iii) protest and notice of default to any party with respect to the indebtedness guaranteed; (iv) any right you may have to require that an action be brought against Franchisee or any other Person as a condition of liability; and (v) the defense of the statute of limitations in any action hereunder or for the collection of any indebtedness hereby guaranteed. You agree that: (a) your direct and immediate liability under this guaranty 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 is not contingent or conditioned upon our pursuit of any remedies against Franchisee or any other Person; and (d) your liability will not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence we grant to Franchisee or any other Person, including the acceptance of any partial payment or performance, or the compromise or release of any Claims, none of which shall in any way modify or amend this guarantee, which remains continuing and irrevocable during the term of each Secured Agreement and following the termination, expiration or transfer of each Secured Agreement to the extent any financial obligations under a Secured 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 will be impaired, modified, released or limited in any manner whatsoever by any impairment, modification, 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. **REPRESENTATION.** You represent to us that you received a copy of the executed Franchise Agreement.
7. **DISPUTE RESOLUTION.** Any dispute between the parties relating to this Agreement shall be brought in accordance with the dispute resolution provisions set forth in the Franchise Agreement, which are incorporated into this Agreement by reference as if fully set forth herein. **You acknowledge and agree that your breach of this Agreement constitutes a material event of default under the Franchise Agreement, permitting us to terminate the Franchise Agreement in accordance with its terms.**
8. **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 is governed by the Laws of Washington.
  - (c) Any Claim or defense 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 (and portion thereof) is severable. If any section (or portion thereof) is unenforceable, it shall not affect the enforceability of any other section (or portion thereof). A court may revise any provision of this Agreement to the extent necessary to make the provision enforceable.
  - (e) We may deliver to you any notice contemplated by this Agreement in the same manner and to the same address listed in the notice 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 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: \_\_\_\_\_

**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”).

### 1. 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, 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.

“Confidential Information” means and includes: (a) Know-How; (b) Business Data, including the names, contact information and other data pertaining to current, former, or prospective Center students; (c) information in the Manual or comprising the System; (d) terms of the Franchise Agreement (and related agreements) signed by Franchisee in connection with the Center; and (e) all other concepts, ideas, trade secrets, financial information, marketing strategies, expansion strategies, studies, supplier information, 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) designated as confidential; (ii) known by you to be considered confidential by us; and/or (iii) reasonably to be considered confidential due to their nature. Confidential Information does not include 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 (or any person associated with us) or 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 the information to you without breaching a confidentiality covenant imposed on such third party.

“Copyrighted Materials” means all copyrightable materials for which we or our affiliate 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.

“Franchisee” means the Best In Class Education Center franchisee for whom you are an employee or independent contractor.

“Improvement” means any idea, addition, modification or improvement to the (a) goods or services offered or sold at a Center, (b) method of operation of a Center, (c) processes, systems or procedures utilized by a Center, (d) marketing, advertising or promotional materials, programs or strategies utilized by a Center or (e) 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<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.** You are an 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 franchise system if you were to misuse our Intellectual Property. To avoid such damage, you agree to comply with the terms of this Agreement.
3. **INTELLECTUAL PROPERTY & CONFIDENTIAL INFORMATION.** You agree to: (a) refrain from using the Intellectual Property or Confidential Information in any business or for any purpose other than the operation of Franchisee’s Center; (b) maintain the confidentiality of Confidential Information at all times; (c) refrain from making unauthorized copies of documents containing Confidential Information; (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 employee or independent contractor of Franchisee. 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 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.** You could circumvent the intent of this Agreement by disclosing Confidential Information to immediate family members (i.e., parent, sibling, child or grandchild) and it would be difficult for us to prove your breach. For that reason you are presumed to have breached this Agreement if an immediate family member uses or discloses Confidential Information. You may rebut this presumption with evidence conclusively showing you did not disclose Confidential Information to the family member.
5. **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 bond amount may not exceed \$1,000. No remedy available to us under this Agreement 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.
6. **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 is governed by the laws of Washington. 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 (and portion thereof) is severable. If any section (or portion thereof) is unenforceable, it shall not affect the enforceability of any other section (or portion thereof). A court may revise any provision of this Agreement to the extent necessary to make 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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## TABLE OF CONTENTS

1.	DEFINITIONS.....	1
2.	GRANT OF DEVELOPMENT RIGHTS.....	2
3.	TERRITORIAL PROTECTIONS AND LIMITATIONS.....	2
4.	DEVELOPMENT OBLIGATIONS.....	2
5.	DEVELOPMENT FEE.....	3
6.	DEVELOPER ENTITY.....	3
7.	TRANSFERS.....	3
8.	TERMINATION.....	4
9.	EFFECT OF TERMINATION.....	4
10.	DISPUTE RESOLUTION.....	4
11.	REPRESENTATIONS.....	5
12.	GENERAL PROVISIONS.....	5

### 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 not defined above have the meanings given to them below, or if not defined below, the meanings given to them in the Initial Franchise Agreement.

“Developer Entity” means an Entity that: (a) signs this Agreement as the area developer (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 C of ATTACHMENT "A" for the development of the Centers within the Development Territory.

“Development Territory” means the geographic area described in Part D 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 or sale of the area development rights; or (c) the relationship between the parties.

“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.

“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".

“Owner” 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 an Equity Interest in the Development Business or Developer 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 an Equity Interest in any affiliate of yours that executes a Franchise Agreement as authorized by §6.

“Permitted Transfer” means a Transfer: (a) between existing Owners; or (b) by the Owners to a 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.

“Term” means the period of time beginning on the Effective Date of this Agreement and expiring on the earlier to occur of: (a) the opening date listed in the Development Schedule for the last Center you are required to open; or (b) the date this Agreement is effectively terminated.

“Transfer” means any direct or indirect, voluntary or involuntary, 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 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 by: merger or consolidation; judicial award, order or decree; issuance of additional Equity

Interests (including public and private offerings); foreclosure of a security interest by a lender; or operation of Law, will or a trust upon an Owner's death (including via the Laws of intestate succession).

2. **GRANT OF DEVELOPMENT RIGHTS.** Subject to the terms of this Agreement, we hereby grant you the right and obligation to develop, open and operate each of the Centers listed to in the Development Schedule. 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 located in 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 in the Development Territory; and (b) any Center ~~or Satellite Office~~ otherwise permitted by this Section. At any time during the Term we reserve the right to engage in Acquisitions that involve, or subsequently result in, conversion of the acquired or acquiring company's outlets to BEST IN CLASS EDUCATION CENTER<sup>®</sup> outlets, even if those outlets are located in 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 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.
- 4.3. **Site Selection.** All Centers you develop pursuant to this Agreement must be located in the Development Territory. You must select the specific site for each Center in compliance with our then-current site selection criteria. We must approve the site for each Center in accordance with the applicable Franchise Agreement.
- 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 associated Franchise Agreement. Each Franchise Agreement shall be our then-current form of 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 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.
- 4.5. **Additional 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. **DEVELOPER ENTITY.** You represent that Part A of ATTACHMENT "A" includes a complete and accurate list of your Owners. Upon request, you must send us a resolution of the Developer Entity authorizing the execution of this Agreement, a copy of its organizational documents and a current Certificate of Good Standing. 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. Each Owner, and the spouse of 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 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 approval. Any Transfer (other than a Permitted Transfer) without our approval is void and 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;
  - (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: (i) the Term shall be the Term remaining under this Agreement; (ii) the transferee need not pay a separate development fee; and (iii) 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);
  - (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;
  - (f) you and your Owners sign a General Release;
  - (g) we choose not to exercise our right of first refusal described in §7.5; and
  - (h) you or the transferring Owner, as applicable, and the transferee satisfy all other conditions we reasonably require as a condition to our approval of the Transfer.

You may not: (a) transfer less than all development rights remaining under this Agreement (i.e., you may not retain the right to develop any Center); or (b) transfer your development rights to multiple transferees. Our consent to a Transfer shall not constitute a waiver of any Claims we may have against the transferor or our right to demand the transferee 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 notice; and (b) upon our request, cause the former Developer Entity 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.

**7.4. Owner Death or Disability.** Within 180 days after an Owner's death or permanent disability, the Owner's Equity Interest in the Development Business or Developer Entity must be Transferred to another Person in compliance with §7.2 or §7.3. An Owner is deemed to have a "permanent disability" if he/she has a medical or mental problem that prevents him/her from substantially complying with his/her obligations under this Agreement for a period of at least three (3) months.

**7.5. Our Right of First Refusal.** If you or an Owner 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, 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 60 days to prepare for closing. You or the Owner, as applicable, must provide us with all customary representations and warranties regarding the title to and condition of the assets or Equity Interest that we purchase, or at our 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. If the sale is not completed within 120 days after we receive the offer, 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**

**8.1. By Us.** We may terminate this Agreement, effective upon delivery of a notice 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:

- (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 your interests in the Development Territory and right to sign new Franchise Agreements or open new Centers. We will not refund any portion of the development fee.

**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.

## 11. REPRESENTATIONS.

- 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 agreement to which you are (or any affiliate of yours is) a party or by which your (or your affiliate's) assets are bound; (b) violate any order, injunction, decree, judgment or ruling of a 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 its obligations hereunder; and (b) the execution and delivery of this Agreement have been duly authorized by all requisite corporate action and this Agreement constitutes the legal, valid and binding obligation of, and is enforceable against, the Developer Entity in accordance with its terms.
- 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.
- 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 an Equity Interest in 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, alias, pseudonym, nickname or address on any Terrorist List, including 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, and will continue to comply, with the Anti-Terrorism Law and all other U.S. Laws currently in effect, or enacted in the future, 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. The foregoing representations and warranties are 'continuing' representations and warranties for the duration of the franchise relationship. Accordingly, you must immediately notify us of the occurrence of an event or development of a circumstance that might render any of the foregoing representations and warranties false, inaccurate or misleading.

## 12. GENERAL PROVISIONS

- 12.1. Governing Law.** This Agreement and the franchise relationship are governed by the Laws of Washington without reference to its principles of conflicts of law, but any 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.
- 12.2. Severability.** Each section of this Agreement (and portion thereof) is severable.
- 12.3. 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 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 developers; or (d) our acceptance of 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
- 12.5. Force Majeure.** Neither party shall be liable for loss or damage or deemed 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 notice of termination to the other party.
- 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.
- 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 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. There are no other oral or written understandings or agreements between 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.
- 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 inconsistent with the express terms 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, but without considering the individual interests of you or any other franchisee.
- 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.
- 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 Equity Interest in the 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.
- 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.

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

**12.13. 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.

**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 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: \_\_\_\_\_

**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 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 Person holding a direct or indirect Equity Interest in the Developer Entity, and spouse of each such 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 Person holding a direct or indirect Equity Interest in the Development Business or Developer Entity, as applicable, along with a description of their Equity Interest.

Owner's Name	% Equity 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 Schedule**

You 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**  
**TABLE OF CONTENTS OF BRAND STANDARDS MANUAL**

*[See Attached]*

## Table of Contents

			23
		▶ Customer Service Fee	23
<b>Section A Introduction</b>	<b>12</b>	▶ Conference Registration Fee	23
Welcome Letter	13	▶ Relocation	23
Mission of Best in Class Education Center	14	▶ Renewal Fee	24
Vision	15	▶ Late Payments	24
Best in Class Profile, Objective, & Philosophy	16	▶ Fines	24
Services Provided to the Best in Class		▶ Management Fee	24
Education Center Franchisee	17	▶ Technology Fee	24
▶ Site Selection	17	▶ Supplier Testing	24
▶ Initial Training	17	▶ Refurbishing	25
▶ Start-up Assistance	18	▶ Indemnification	25
▶ Ongoing Training and Support	18	▶ Attorneys' Fees	25
▶ Approved Suppliers	18	Visits from the Headquarters	26
▶ Protected Territory	18	<b>Section B Pre-Opening Procedures</b>	<b>27</b>
▶ Advertising Materials and Sales Aids	19	Pre-Opening Checklist	28
▶ Ongoing Research and Development	19	▶ Franchisee Pre-Opening Checklist	29
Responsibilities of the Best in Class		Establishment of Business Form	31
Education Center Franchisee and Staff	20	Site Selection Criteria	32
▶ Responsibilities to Your Students	20	▶ Site Selection Criteria	32
▶ Responsibilities to Clients/Parents	20	▶ Market Analysis	33
▶ Responsibilities to Your Employees	21	▶ Gaining Site Selection Acceptance	34
▶ Responsibilities to Fellow Franchisees	21	Setting Up Your Facility	35
▶ Responsibilities to the Franchisor	21	▶ Lease Considerations	36
Paying Required Fees	22	▶ Building Out the Facility	38
▶ Transfer Fee	22	▶ Layout/Space Plan	39
▶ Audit	22	▶ Decoration Specifications	42
▶ Additional Training	22	Contracting with Required Utilities and	
▶ Periodic Training	22	Services	43
		Obtaining Required Licenses and Permits	44

▶ Licensing	45	▶ Overcoming Typical Objections	67
Setting Up Bank Accounts	46	▶ Closing the Sales	68
▶ Accounts to Open	46	Understanding Your Competition	69
Procuring Required Insurance Policies	47	Enrolling Students	70
Paying Taxes	49	▶ Completing Required Paperwork	70
▶ Employer Identification Number	49	▶ Setting Up New Students in BC Portal	72
▶ Federal Taxes	49	<b>Section E Use of Curriculum &amp; Classroom</b>	
▶ State Taxes	50	<b>Management</b>	<b>73</b>
Required List of Equipment & Inventory	51	Best in Class Curriculum	74
Preparing for Your Grand Opening	52	▶ Enrichment Math & English Programs	74
▶ Planning	52	▶ SAT I Prep	75
<b>Section C Talent Management &amp;</b>		▶ Private Tutoring	76
<b>Development</b>	<b>53</b>	▶ Beginners in Class	77
Job Descriptions of the Best in Class		▶ Summer Camp	77
Education Center Employees	54	▶ Gifted Test Prep	78
▶ Center Manager/Owner	54	▶ College Admission Workshop	78
▶ Instructor	55	Use of Third-Party Developed Curricula and	
▶ Teacher's Assistant	56	Materials	79
Training Employees	57	Use of Instructor Developed Curricula and	
▶ Overview of Operations	57	Materials	80
▶ Initial Training of New Employees	57	Gaining Approval of New Curricula and	
▶ Ongoing Training Process	57	Materials	81
Uniform and Dress Code	59	Classroom Management	82
Conducting Performance Evaluations	60	▶ Tutoring Service	82
▶ Evaluation Process	61	▶ Student Folder Management	85
▶ Review Meeting	62	▶ Managing the Class	86
<b>Section D Enrollment Procedures</b>	<b>63</b>	▶ Student Responsibilities	86
Best in Class Education Center Offerings	64	▶ Evaluating Student Progress	87
Selling Points	65	▶ Homework	87
▶ Personalizing the Presentation	66	▶ Homework Correction Guidelines	87
▶ Conducting the Tour	66	▶ Monitoring Attendance	88

▶ Disciplining Students	89	Weekly, Monthly, & Quarterly Routines and Tasks	109
<b>Section F Managing a Best in Class Education Center</b>	<b>90</b>	Customer Service Procedures	110
Managing Quality Assurance	91	▶ Handling Student/Parent Concerns	110
▶ Program Goals	91	▶ Answering the Phone	110
▶ Quality Assurance Guidelines	91	Required Cleaning and Maintenance	112
Scheduling	92	▶ Daily	112
▶ Determining Your Schedule	92	▶ Weekly	113
▶ Scheduling Personnel	92	▶ Monthly	113
▶ Scheduling Students	92	Health and Safety Procedures	114
Inventory Management	94	▶ Medication and Wellness Policy	114
▶ Ordering Procedures	94	▶ Security	114
▶ Ordering from Approved Suppliers	94	▶ Accident Reporting and Investigation	115
▶ Prize Offering	95	▶ Fire Safety	117
▶ Receiving Procedures	95	▶ Natural Disasters	118
Billing Procedures	96	▶ Robbery	118
▶ Accepting Payment	96	▶ Burglary	119
▶ Checks	96	<b>Section H Marketing &amp; Advertising</b>	<b>120</b>
▶ Collection Procedures	97	Developing a Marketing Plan	121
▶ Generating Invoices	97	▶ Developing Your Marketing Plan	121
Key Management Reports	100	▶ Strategies for Developing Your Marketing Plan	121
Franchise Reporting Requirements	101	Required Advertising Expenditures	122
▶ Required Reports	101	▶ Local Advertising Requirement	122
▶ Chart of Accounts	101	▶ Brand Development Fund	122
▶ Electronic Funds Transfer	103	▶ Grand Opening Advertising	123
▶ Royalty Fee	103	Promoting Best in Class Education Center in Your Area	124
▶ Brand Development Funds	103	▶ Types of Media	124
<b>Section G Office Procedures</b>	<b>105</b>	▶ Direct Mail	125
Facility Hours	106		
Facility Opening and Closing Procedures	107		

▶ Print	125
▶ Local Radio/Television	126
▶ Internet and Internet Ads	127
▶ Word of Mouth	127
▶ Guerilla Marketing	127
▶ Daily Deals Marketing	128
Using Referrals to Build Business	129
Using Best in Class Education Center Marks	131
Signage Specifications	132
Public Relations	133
Community Involvement	134
Obtaining Advertising Approval	135
<b>Section I: Additional Resources</b>	
Lead Generation Action Plan	136
Advance and Maintaining Operations	166

**EXHIBIT "F"**  
**TO DISCLOSURE DOCUMENT**  
**LIST OF FRANCHISEES**

**Part A (Current Franchisees)**

The following table lists franchisees that were open as of December 31, ~~2024~~2025.

<b>FRANCHISEES OPEN AS OF DECEMBER 31, <del>2024</del>2025</b>				
<b>State</b>	<b>City</b>	<b>Address</b>	<b>Phone</b>	<b>Owner Name(s)</b>
California	Dublin	Operating remotely	925-226-8848	Monika Sharma
California	Elk Grove	7811 Laguna Blvd, Ste. 165	916-525-7274	Jenny Tran
California	Pleasanton	<del>Operating remotely</del> 4466 Black Ave, Ste. B	925 587-9449	Shwetal J Jakate
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	724 South Wolfe Rd	(669) 257-0505	Rahul Jain
California	Palo Alto	490 California Ave, Ste 100	(650) 272-6581	Shan Zhao
Florida	Brandon	1221 Kingsway Rd	813-713-9874	Rajitha Nidadavolu
Florida*	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
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
<del>Ohio</del>	<del>Mayfield Heights</del>	<del>Operating remotely</del>	<del>440-459-2197</del>	<del>Daniel Akben</del>
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	<del>Madhumati</del> JunnareLiza Oswald
Texas	Cypress	12706 Grant Rd	346-704-0547	Veronica Reyna
Texas	Cypress	7955 Barker Cypress Rd	832-409-1031	Veronica Reyna
Texas	Katy	4950 Katy Gaston Rd.	832-437-2316	Ira Giri
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	Hong Hong Ma
Texas	Richmond	18440 W Airport Blvd	908-500-3954	Ira Giri
Texas	Spring	375 Sawdust Rd	832-422-9398	Veronica Reyna
Washington	Bellevue	13219 NE 20th St, Ste 203	425-453-9532	<del>Rajesh</del> KalidindiPaige Wilson
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

**FRANCHISEES OPEN AS OF DECEMBER 31, ~~2024~~2025**

State	City	Address	Phone	Owner Name(s)
Washington*	Issaquah	2550 NE Park Dr.	425-272-1328	Cambridge Liu
<a href="#">Washington</a>	<a href="#">Mill Creek</a>	<a href="#">4008 133rd St SE</a>	<a href="#">425-332-3956</a>	<a href="#">Surandra Mohan</a>
Washington	Redmond	16981 Redmond Way	425 900-1545	Sanjeev Gupta
Washington*	Redmond	10735 Cedar Park Crescent NE	425-292-1838	Sanjeev Gupta
Washington*	Sammamish	120 228th Ave. NE	425-272-1328	Cambridge Liu

\* These outlets are “~~satellite locations~~” as described in Item 20 of the Disclosure Document. [Satellite Offices which were offered prior to 2026.](#)

\*\* These franchisees are also area developers that committed to open multiple franchised businesses under the terms of an area development agreement.

The following table lists franchisees with signed franchise agreements that were not open as of December 31, ~~2024~~2025.

**FRANCHISEES NOT OPEN AS OF DECEMBER 31, ~~2024~~2025**

State	City	Address	Phone	Owner Name(s)
<del>Texas</del> <a href="#">California</a>	<del>San Diego</del> <a href="#">Frisco</a>	<del>6787 York Castle Ct</del> <del>Frisco, Texas 75035</del> <a href="#">To Be Determined</a>	<del>(858) 205-0201</del> <del>469-440-9623</del> <a href="#">(858) 205-0201</a>	<del>Yaxin Shui</del> <del>Manjula Vedala</del> <a href="#">Manjula Vedala</a>
<a href="#">Maryland</a>	<a href="#">Clarksville</a>	<a href="#">To Be Determined</a>	<a href="#">(310) 502-0456</a>	<a href="#">Bajju Achari</a>
Washington	<del>Mill Creek</del> <a href="#">Duvall</a>	<del>4008 133rd</del> <del>15619 Main St SE</del> <a href="#">NE</a>	<del>425-332-3956</del> <a href="#">900-1545</a>	<del>Surandra Mohan</del> <a href="#">Sanjeev Gupta</a>

\* 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)
<del>California</del>	<del>Anaheim Hills</del>	<del>714 912 4148</del>	<del>Olga Jolly</del>
<del>California</del>	<del>Anaheim Hills</del>	<del>714 912 4148</del>	<del>Olga Jolly</del>
<del>California</del>	<del>Cupertino</del>	<del>408 768 1335</del>	<del>Sangeetha Padman</del>
<del>California</del>	<del>Los Angeles</del>	<del>323 461 1512</del>	<del>Thi Thi Ma</del>
<del>California</del>	<del>San Diego</del>	<del>858 866 6446</del>	<del>Manoj Jaiswal</del>
<del>California</del>	<del>San Jose</del>	<del>408 622 8186</del>	<del>Pik Shan Fung</del>
<del>New Jersey</del>	<del>Moorestown</del>	<del>856 924 6063</del>	<del>Ruchika Arora</del>
<del>New Jersey</del>	<del>South Orange</del>	<del>973 327 9775</del>	<del>Alissa Gardenhire</del>
<del>Texas</del> <sup>1</sup>	<del>Frisco</del> <del>Cedar Park</del>	<del>469-440-9623</del> <del>12-496-6914</del>	<del>Manjula Vedala</del> <del>Madhumati Junnare</del>
<a href="#">Washington</a>	<a href="#">Bellevue</a>	<a href="#">425-453-9532</a>	<a href="#">Paige Wilson</a>

[1. The Franchise Agreement for this outlet was terminated prior to opening.](#)

**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"~~

**BIC Franchise System Corporation**

**Independent Auditor's Report  
And  
Financial Statements  
December 31, 2025 and 2024**

1

~~1~~

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~~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.~~

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

1/2

**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
<del>Legal Fees</del>	<del>3,000.00</del>
<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**

**Table of Contents**

Independent Auditor's Report.....	3
Balance Sheets .....	5
Statements of Operations.....	6
Statements of Stockholders Equity.....	7
Statements of Cash Flows .....	8
Notes To Financial Statements .....	9

**Metwally CPA PLLC**

**CERTIFIED PUBLIC ACCOUNTANT**

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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, 2025 and 2024 and the related statements of operations, stockholders' equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2025 and 2024, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our 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 regarding 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 the 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 the Company's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

**Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

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

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

*Metwally CPA PLLC*

Metwally CPA PLLC  
Flower Mound, Texas  
April 15, 2026

**BIC Franchise System Corporation**  
**Balance Sheets**  
**December 31, 2025 and 2024**

	<b>2025</b>	<b>2024</b>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 62,192	\$ 4,056
Accounts receivable	149,437	84,744
Due from related parties	19,503	38,885
Deferred commission, current portion	6,000	-
Other assets	-	2,548
<b>Total Current Assets</b>	<b>237,132</b>	<b>130,234</b>
<b>Non-Current Assets</b>		
Deferred income taxes	7,292	3,539
Deferred commission, net of current portion	23,500	-
<b>Total Non-Current Assets</b>	<b>30,792</b>	<b>3,539</b>
<b>Total Assets</b>	<b>\$ 267,924</b>	<b>\$ 133,772</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities	\$ 75,765	\$ 10,813
Due to related parties	26,658	12,747
Deferred revenue, current portion	24,769	6,269
<b>Total Current Liabilities</b>	<b>127,191</b>	<b>29,829</b>
<b>Long-Term Liabilities</b>		
Deferred revenue, net of current portion	67,502	17,462
<b>Total Long-Term Liabilities</b>	<b>67,502</b>	<b>17,462</b>
<b>Total Liabilities</b>	<b>194,693</b>	<b>47,291</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	(26,769)	(13,519)
<b>Total Stockholders' Equity</b>	<b>73,231</b>	<b>86,481</b>
<b>Total Liabilities and Stockholders' Equity</b>	<b>\$ 267,924</b>	<b>\$ 133,772</b>

*The accompanying notes are an integral part of the financial statements.*

**BIC Franchise System Corporation**  
**Statements of Operations**  
**Years Ended December 31, 2025 and 2024**

	<u>2025</u>	<u>2024</u>
<b>Revenues</b>		
Royalties	\$ 422,948	\$ 236,521
Other franchise related fees	131,445	56,550
Brand fund income	69,121	26,599
Transfer fees	27,000	21,101
Initial franchise fees	42,461	16,269
<b>Total Revenues</b>	<b><u>692,975</u></b>	<b><u>357,039</u></b>
<b>Operating Expenses</b>		
General and administrative	259,565	124,392
Contractors	227,773	55,877
Legal and professional	131,779	83,877
Marketing and advertising	89,772	79,694
<b>Total Operating Expenses</b>	<b><u>708,889</u></b>	<b><u>343,840</u></b>
<b>Operating Income / (Loss)</b>	<b><u>(15,914)</u></b>	<b><u>13,199</u></b>
<b>Other Income (Expense)</b>		
Income tax benefit (expense)	2,664	(5,447)
<b>Net Income / (Loss)</b>	<b><u>\$ (13,250)</u></b>	<b><u>\$ 7,752</u></b>

*The accompanying notes are an integral part of the financial statements.*

BIC Franchise System Corporation  
 Statements of Stockholders Equity  
 Years Ended December 31, 2025 and 2024

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	Common Stock - No Par Value		Additional Paid-In Capital	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount			
<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>
Net income (loss)				(13,250)	(13,250)
<b>Balance At December 31, 2025</b>	<b>10,000,000</b>	<b>\$ -</b>	<b>\$ 100,000</b>	<b>\$ (26,769)</b>	<b>\$ 73,231</b>

*The accompanying notes are an integral part of the financial statements.*

**BIC Franchise System Corporation**  
**Statements of Cash Flows**  
**Years Ended December 31, 2025 and 2024**

	<b>2025</b>	<b>2024</b>
<b>Cash Flows From Operating Activities:</b>		
Net income	\$ (13,250)	\$ 7,752
<b>Adjustments to reconcile net income to net cash provided by operating activities:</b>		
Deferred (income)/expenses taxes	(2,664)	5,447
<b>Change in operating assets and liabilities:</b>		
Accounts receivable	(64,693)	(66,525)
Due from related parties	19,382	(38,885)
Deferred commission	(29,500)	-
Other assets	2,548	(2,548)
Accounts payable and accrued liabilities	63,863	3,616
Due to related parties	13,911	12,747
Deferred revenue	68,539	23,731
<b>Net Cash Flows Provided By (Used In) Operating Activities</b>	<b>58,136</b>	<b>(54,664)</b>
<b>Investing Activities</b>		
<b>Net Cash Flows Provided by (Used In) Investing Activities</b>	-	-
<b>Financing Activities</b>		
<b>Net Cash Flows Provided By (Used In) Financing Activities</b>	-	-
<b>Net Change In Cash And Cash Equivalent During The Year</b>	<b>58,136</b>	<b>(54,664)</b>
Cash and cash equivalent - beginning of the year	4,056	58,720
<b>Cash And Cash Equivalent - End of The Year</b>	<b>\$ 62,192</b>	<b>\$ 4,056</b>

*The accompanying notes are an integral part of the financial statements.*

**BIC Franchise System Corporation**  
**December 31, 2025 and 2024**  
**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, other franchise related fees, initial franchise fees, Transfer 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 involve 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, 2025 and 2024 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 the 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 the 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 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, 2025 and 2024, other income comprises curriculum License fees, remote learning platform license fees, and technology fees.

### I. 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, 2025 and 2024 the Company's cash balance didn't exceed the FDIC insurance limit. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk in cash.

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, 2025 and 2024, the Company had approximately \$62,192 and \$4,056 respectively in cash in its bank accounts.

### 4. ACCOUNTS RECEIVABLE

As of December 31, 2025 and 2024 accounts receivable consisted of the following:

	<u>2025</u>	<u>2024</u>
Royalties' receivable	\$ 47,239	\$ 15,521
Initial franchise fees receivable	45,000	30,000
Transfer fees receivable	32,000	26,000
Other franchise related fees receivable	17,325	10,594
Brand fund income receivable	7,873	2,629
<b>Total Accounts Receivable</b>	<b><u>\$ 149,437</u></b>	<b><u>\$ 84,744</u></b>

## 5. 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 years ended December 31:

	<u>2025</u>	<u>2024</u>
Revenue recognized over time	\$ 42,461	\$ 16,269
Revenue recognized at a point in time	650,514	340,770
<b>Total Revenue</b>	<b>\$ 692,975</b>	<b>\$ 357,039</b>

### Contract Balances

The following table provides information about the change in the franchise deferred expenses balances during the years ended December 31:

	<u>2025</u>	<u>2024</u>
Beginning balance	\$ -	\$ -
Additional deferred expenses	32,000	-
Expenses recognized – additional deferred expenses	(2,500)	-
<b>Deferred expenses</b>	<b>29,500</b>	<b>-</b>
Less: current maturities	(6,000)	-
<b>Deferred expenses, net of current maturities</b>	<b>\$ 23,500</b>	<b>\$ -</b>

The following table provides information about the change in the franchise contract liability balances during the years ended December 31, 2025 and 2024, respectively. Franchise contract liability is included in deferred revenue on the accompanying balance sheets.

	<u>2025</u>	<u>2024</u>
Beginning balance	\$ 23,731	\$ -
Additional deferred revenue	111,000	40,000
Revenue recognized – additional deferred revenue	(42,461)	(16,269)
<b>Deferred revenue</b>	<b>92,270</b>	<b>23,731</b>
Less: current maturities	(24,769)	(6,269)
<b>Deferred revenue, net of current maturities</b>	<b>\$ 67,502</b>	<b>\$ 17,462</b>

## 6. A RELATED PARTY TRANSACTIONS

The Company and Best in Class Education, LLC are affiliated entities under common ownership. As of December 31, 2025 and 2024, the Company had outstanding receivables from its affiliate amounting to \$19,503 and \$14,527, respectively, representing shared revenue collected on behalf of the Company. As of December 31, 2025 and 2024, the Company had outstanding receivables from its owners amounting to \$0 and \$24,358, respectively. These balances represent amounts due from the owners for obligations incurred during the normal course of business.

Also, the Company had outstanding payables from its affiliate amounting of \$13,332 and \$0 respectively, representing expense on behalf of the Company. 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, 2025 and 2024 the entity has balance due to Lam's Tutoring Service, Inc. \$13,325 and \$12,747 respectively.

The following is a summary of transactions with related parties for the year ended December 31, 2025 and 2024:

<b>Expenses</b>	<b>2025</b>	<b>2024</b>
Brand development fees expense - related party	\$ 69,759	\$ 30,474
Curriculum license fee expense - related party	11,838	8,760
Remote learning platform license fee expense - related party	93,883	35,772
Technology Fee expense - related party	21,750	9,450
Overhead expenses - related party	227,773	55,877
<b>Total</b>	<b>\$ 425,003</b>	<b>\$ 140,332</b>

## 7. DVERTISING EXPENSES

Advertising costs for the years ended December 31, 2025 and 2024 were \$89,772 and \$79,694 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, 2025 and 2024, 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>2025</u>	<u>2024</u>
Deferred income taxes	\$ 7,292	\$ 3,539

The Company's 2025 and 2024 effective income tax rate is 18% federal for 2025 and 23% federal for 2024 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 and other expenses. The Company had income tax benefits of \$2,664 and income tax expenses of \$5,447 for years ended December 31, 2025 and 2024.

On December 31, 2025, under the benefit for loss approach, the Company has federal net operating loss carryforwards totaling \$3,837 of which \$3,837 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 April 15, 2026, 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  
Year Ended December 31, 2024 and Period from February 10, 2023 to  
December 31, 2023**

**Table of Contents**

<b>Independent Auditor's Report</b> .....	3
<b>Balance Sheets</b> .....	5
<b>Statements of Operations</b> .....	6
<b>Statements of stockholders' Equity</b> .....	7
<b>Statements of Cash Flows</b> .....	8
<b>Notes To Financial Statements</b> .....	9

**Metwally CPA PLLC**

**CERTIFIED PUBLIC ACCOUNTANT**

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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**

	2024	2023
<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>357,039</b>	<b>124,547</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>343,840</b>	<b>154,486</b>
<b>Operating Income / (Loss)</b>	<b>13,199</b>	<b>(29,939)</b>
<b>Other Income (Expense)</b>		
Income tax benefit (expense)	(5,447)	8,668
<b>Net Income / (Loss)</b>	<b>\$ 7,752</b>	<b>\$ (21,271)</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**

	<b>Common Stock - No Par Value</b>		<b>Additional Paid-In Capital</b>	<b>Accumulated Deficit</b>	<b>Total Stockholders' Equity</b>
	<b>Shares</b>	<b>Amount</b>			
<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**

**Table of Contents**

<b>Independent Auditor's Report</b> .....	3
<b>Balance Sheet</b> .....	5
<b>Statement of Operations</b> .....	6
<b>Statement of Stockholders' Equity</b> .....	7
<b>Statement of Cash Flows</b> .....	8
<b>Notes To Financial Statements</b> .....	9

**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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	<u>2023</u>
<b>Revenues</b>	
Royalties	\$ 61,905
Transfer fees	27,500
Marketing fees	10,319
Other fees	24,823
<b>Total Revenues</b>	<b><u>124,547</u></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><u>154,486</u></b>
<b>Operating Income / (Loss)</b>	<b><u>(29,939)</u></b>
<b>Other Income (Expenses)</b>	
Income tax benefit (expense)	8,668
<b>Total other income (expense)</b>	<b><u>8,668</u></b>
<b>Net Income / (Loss)</b>	<b><u>\$ (21,271)</u></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 uncollectable 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>\$ <u>18,219</u></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>\$ <u>108,491</u></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>\$ <u>124,547</u></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, 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.
8. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

## 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. Termination penalties are prohibited by law in the State of Indiana. Therefore, the Disclosure Document, the Franchise Agreement and Supplemental Agreements are amended to delete all references to any fees or other financial obligations that constitute termination penalties under Indiana law.
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.
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.

**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.

7. Under subsection D of § 13.1-559 of the Virginia Retail Franchising Act, for all franchises located in Virginia, the franchise contract or agreement offered or entered into pursuant to terms of this chapter shall be governed by the laws of the Commonwealth of Virginia.

8. Under subdivision A 4 of § 13.1-563 of the Virginia Retail Franchising Act (“Act”), it is unlawful to offer or enter into a franchise agreement that restricts the right of a franchisee to engage in the business of offering, selling, or distributing goods or services at retail after termination or expiration of the franchise agreement. However, subsection B of § 13.1-563 of the Act provides that if a franchisee sells a franchise at a mutually agreed upon price to a third party or back to the franchisor, such sale may include a term restricting the right of such franchisee to engage in the business of offering, selling, or distributing goods or services at retail for a period of no more than two years after such sale.

## 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.
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.
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

~~**13. DEFINITIONS.** Capitalized terms not defined above have the meanings given to them below, or if not defined below, the meanings given to them in the Franchise Agreement.~~

~~“Center” means the Center you operate pursuant to the Franchise Agreement, as further described in Recital A to this Addendum. It does not include a Satellite Office.~~

~~“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.~~

~~“Satellite Office Fee” means the initial franchise fee you pay to us pursuant §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 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 of this Addendum to identify the boundaries of your Satellite Office Territory (if the Satellite Office Territory is undetermined as of the Effective Date).~~

~~**14. 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 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.~~

~~**15. SITE APPROVAL.** You must 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 all documents, information, photos and video we require. We may accept or reject sites you propose in our commercially reasonable judgment. We try to notify you of our decision within 15 days after we receive all requisite materials. Your site is deemed disapproved if we do not issue our approval within the 15 day period. If we approve the site for your Satellite Office before signing this~~

~~Addendum, we will list the address of your approved site in Part A of ATTACHMENT A to this Addendum. Otherwise, we list the address of your approved site in a Site Approval Notice we send to you within 15 days after we approve 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 and designation of your Satellite Office 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 Satellite Office Territory (which may, but need not, accept). Our approval of a site is not a representation or warranty of any kind, express or implied, of the suitability of the site for a Satellite Office. It only means we believe the site meets our minimum criteria.~~

- ~~16. **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). 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. If your Satellite Office is located outside your Center Territory, then we will 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 located in your Satellite Office Territory except as otherwise provided in this Section. At any time during the term of this Addendum we reserve the right to engage in Acquisitions that involve, or subsequently result in, conversion of the acquired or acquiring company’s outlets to BEST IN CLASS EDUCATION CENTER<sup>®</sup> outlets, even if those outlets are located 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.~~
- ~~17. **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 (Territory); §4 (Term and Renewal); §5 (Training and Conferences); §6.3 (Opening Assistance); §7 (Establishing your 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 shall apply to the Satellite Office. You must open your Satellite Office no later than 180 days after the Effective Date.~~
- ~~18. **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.~~
- ~~19. **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.~~
- ~~20. **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 BCP LMS Monthly Fees for use of BCP LMS at your Satellite Office in accordance with §14.3 of the Franchise Agreement (including if your Center is a Legacy Center). 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).~~

~~21. **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<sup>®</sup> following the opening of the Satellite Office. In order to effectuate such a conversion you must: (a) sign our then current form of 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<sup>®</sup>. 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.~~

~~22. **TRANSFER.** You may not Transfer your Satellite Office except in connection with an approved Transfer of your Center.~~

~~23. **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.~~

~~\* \* \*~~

The parties below have executed this Addendum effective as of the Effective Date first 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: \_\_\_\_\_  
\_\_\_\_\_  
Name: \_\_\_\_\_  
\_\_\_\_\_  
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 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 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)

\$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.~~

<b><u>Franchisor</u></b>	<b><u>Franchisee</u></b>
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.

<b><u>Franchisor</u></b>	<b><u>Franchisee</u></b>
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	<del>July 2, 2025</del>
Hawaii	<del>September 16, 2025</del>
Illinois	
Indiana	<del>May 30, 2025</del>
Maryland	<del>July 14, 2025</del>
Michigan	May 3, 2025 (amended <del>May 27, 2025</del> <a href="#">April 19, 2026</a> )
Minnesota	<del>June 18, 2025</del>
New York	<del>October 17, 2025</del>
North Dakota	
Rhode Island	
South Dakota	
Virginia	<del>July 15, 2025</del>
Washington	
Wisconsin	<del>May 29, 2025</del>

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

Issuance Date: ~~May 27, 2025~~ April 19, 2026

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 ~~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).~~

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- ~~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

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Print Name

---

Date

---

(Signature) Prospective Franchise Owner

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(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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- ~~EXHIBIT "H" 5~~ — Social Media Policy
- EXHIBIT "I"      State Effective Dates
- EXHIBIT "J"      Receipts

\_\_\_\_\_

Print Name

\_\_\_\_\_

Date

\_\_\_\_\_

(Signature) Prospective Franchise Owner

\_\_\_\_\_

(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.)