# FRANCHISE DISCLOSURE DOCUMENT

**FC & COMPANY, LLC (DBA "E-PLEX")**
6940 BEACH BLVD #D-212, BUENA PARK, CA 90621
714-585-8670
https://e-plex.net/

FC&COMPANY, LLC offers franchises for the operation of educational and technology enrichment programs for children, utilizing interactive presentations of structured science-themed activities in a fun, nurturing environment.

The total investment necessary to begin operating an E-Plex franchise or any subsequent franchise ranges from $200,400 to $568,000. This includes $50,000 to $100,000 for the franchise fee and $3,200 to $4,800 for book purchases that must be paid to the franchisor or affiliate.

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

You may wish to receive your Disclosure Document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Mr. James Lee at 6940 Beach Blvd #D-212, Buena Park, CA 90621 and 714-585-8670.

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

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

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

**Issuance Date: September 6, 2024**

## How to Use This Franchise Disclosure Document

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

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

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

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

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

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

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

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

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

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

### Some States Require Registration

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

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

## Special Risks to Consider About *This* Franchise

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

1. **Out-of-State Dispute Resolution**. The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in California. 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 California than in your own state.
2. **Governing Law**. The franchise agreement requires application of the laws of California. This provision may not be enforceable under California law.
3. **Renewal**. You may be required to sign a new franchise agreement with different terms and conditions in order to continue operating your franchise after the initial term expires.
4. **Termination Upon Bankruptcy**. The franchise agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law.
5. **Post-Termination Non-Compete Covenant**. The franchise agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

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

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B. Unaudited Opening Balance Sheet
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D. State Addenda
E. Table of Contents of Operations Manual
F. State Effective Dates

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

To simplify the language of this Disclosure Document, “E-Plex Educational Complex”, “E-Plex”, “us”, or “we” means FC & COMPANY, LLC, the franchisor, and “you” or “your” means the person who acquires the franchise. If you are a corporation, limited liability company, or other legal entity, "you" also includes your owners.

Franchisor, Parent, and Affiliates

FC & COMPANY, LLC is a California limited liability company organized on May 9, 2024. Our principal business address is 6940 BEACH BLVD #D-212, BUENA PARK, CA 90621. We have no corporate parent and no affiliates.

We had no predecessors during the 10 years immediately before the close of the most recent fiscal year that is required to be disclosed in this Item.

We have neither conducted business nor sold any franchises in any other line of business that is required to be disclosed in this Item.

Agent for Service of Process

Our agent for the service of process is Jean Kwon at 6131 ORANGETHORPE AVE STE 490, BUENA PARK, CA 90620.

Prior Experience

We have no prior experience operating or franchising E-Plex Learning Centers or any similar business. However, both the Chief Executive Officer (CEO) and Chief Operating Officer (COO) have experience in the education business, especially the COO, has operated three E-PLEX Buena Park, E-PLEX Diamond Bar, and E-PLEX Georgia as independent and separate business entities, from 2020 to the present. The COO will oversee the operations of our franchise business through her experience in managing the three existing branches.

The Business and Franchises Offered

E-Plex is a comprehensive educational service provider offering a range of programs designed to cater to children's developmental needs. The primary services E-Plex provides include preschool, afterschool, and academy programs.

E-Plex's preschool programs are bilingual immersion programs in Korean and English. They emphasize hands-on learning experiences focused on early childhood development. The thematic curriculum fosters young children's cognitive, social, and emotional growth.

E-Plex's afterschool programs offer homework assistance and enrichment activities, with optional services such as snacks and all-day care. These programs provide a variety of extracurricular activities aimed at holistic development, including arts, music, and sports.

The academy programs specialize in STEM (Science, Technology, Engineering, and Mathematics), English Language Arts (ELA), and Test Preparation courses. The academy also offers art, music, and sports programs to enhance creative and physical abilities. College Consulting services are also provided to assist students in preparing for higher education.

E-Plex utilizes cutting-edge technology, including advanced IT solutions and dedicated apps, to streamline administrative tasks, enhance communication, and improve students' and educators' overall learning experience.

The E-Plex Research & Development Center continuously explores new pedagogical approaches, curriculum development strategies, and teaching methodologies. This center focuses on staying responsive to students' and educators' evolving needs.

Community engagement is a crucial aspect of E-Plex's operations. The organization actively engages in community partnerships, outreach initiatives, and volunteer efforts. E-Plex promotes social responsibility and environmental awareness among students and the broader community.

E-Plex provides extensive support to educators through customized curriculum and professional development programs, ensuring that educators have the necessary tools and resources for effective teaching and student engagement.

The general market for E-Plex's services includes parents and guardians seeking comprehensive educational programs for their children. This market is both developed and developing, primarily focusing on providing high-quality, tailored educational experiences. Sales may have seasonal variations, particularly during school enrollment and summer camps.

Competition

The market for supplemental education programs for children is growing and is competitive. Your Franchise will compete with many other educational programs, sports programs, and other after-school activities. Some of your competitors will be independently owned; others may be parts of company-owned chains, and others may be franchised. Some may have more name recognition than E-Plex and be part of better-capitalized organizations. The success of your Franchise will depend in considerable measure on the demographics of the residents of your Designated Territory, local labor conditions and wage rates, the local costs of advertising, the availability of suitable facilities in convenient locations and at affordable rents, and your management, marketing and selling skills and work ethic.

Regulatory Matters

Many states have regulations and requirements regarding child supervision. In addition, local zoning codes may restrict the places in which programs like those offered by E-Plex may be conducted. Franchisees should check the escrow requirements in their state and plan their additional fund requirements accordingly. E-Plex Franchises will be subject to laws of general application, such as business permits, employment law matters, the Americans with Disabilities Act, and zoning requirements. You must provide and keep in effect all required business and other permits. E-Plex recommends that you consult with an attorney or other appropriate advisor regarding laws or regulations specific to the state and local community where your Franchise will be located.

In California, all prospective employees who will have contact with children must submit to a criminal background check.

## ITEM 2: BUSINESS EXPERIENCE

CEO and Managing Member: James Lee

Mr. Lee is currently the Chief Executive Officer and Managing Member of FC & COMPANY, LLC, and has served in these capacities since its organization on May 9, 2024. Mr. Lee has business experience running an education business called “MR. BOOK’S CLUB.” (2008-2014)

COO (Chief Operating Officer): Sunhwa Lee

Ms. Lee worked as a middle school science teacher from 1997 to 2010 and ran a private tutoring academy business called “MR. BOOK’S ACADEMY” from 2011 to 2019. As independent and separate business entities, from 2020 to the present, Mr. Lee has operated three branches of E-PLEX Buena Park, E-PLEX Diamond Bar, and E-PLEX Georgia. Ms. Lee will oversee the operations of the E-Plex franchise business through her experience in managing the three existing branches.

## ITEM 3: LITIGATION

No litigation is required to be disclosed in this Disclosure Document.

**ITEM 4: BANKRUPTCY**

No bankruptcy filings or proceedings are required to be disclosed in this Disclosure Document.

**ITEM 5: INITIAL FEES**

Initial Franchise Fee

The initial franchise fee ranges from $50,000 to $100,000. This range is determined based on the type of franchise model chosen and the geographical area of operation, as shown in the table below. The initial franchise fee is non-refundable and must be paid in full in a lump sum at the execution of the Franchise Agreement.

| **Franchise Fees** | | |
|---|---|---|
| A. EXTENDED | PRESCHOOL+AFTERSCHOOL+AMS | $100,000 |
| B. STANDARD | AFTERSCHOOL+AMS ONLY | $50,000 |
| C. PRESCHOOL | PRESCHOOL ONLY | $50,000 |
| D. AREA EXCLUSIVE | AREA(STATE OR COUNTY) EXCLUSIVE | Mutually agreed upon |

**ITEM 6: OTHER FEES**

Item 6 Table

**OTHER FEES**

| **Type of fee (Note 1)** | **Amount** | **Due Date** | **Remarks** |
|---|---|---|---|
| Royalty Fees | (Note 2) | Monthly | Non-refundable. |
| Marketing Fees | one percent (1%) of your monthly Gross Receipts | Monthly | Non-refundable. |
| Renewal Fees | (Note 3) | Upon renewal | Non-refundable. |
| Furniture and Equipment Fees | $50,000 - $100,000 | When incurred | Payable to suppliers. |

**Notes**

(1) Unless otherwise noted, all fees are non-refundable and are imposed by and payable to us. All costs and fees set forth in Item 6 are current as of the issuance date of this franchise disclosure document. However, we reserve the right to exercise our reasonable business judgment and increase or decrease such costs and fees. There is no voting power of franchisor-owned outlets on any fees imposed by cooperatives that need to be disclosed in this Item.

(2) Royalty Fees vary by model and are calculated as a percentage of monthly Gross Receipts:

1. Standard Model (Afterschool, AMS only): 5% of monthly Gross Receipts
2. Extended Model (Preschool, Afterschool, AMS): 5% of monthly Gross Receipts
3. Preschool Model (Preschool only): 5% of monthly Gross Receipts
4. Area Exclusive Model: It will be determined by mutual agreement

(3) Renewal Fees also vary by model. The EXTENDED Model has a renewal fee of $10,000. The STANDARD Model has a renewal fee of $5,000. The PRESCHOOL Model has a renewal fee of $5,000. A renewal fee for the AREA EXCLUSIVE Model will be determined by mutual agreement.

## ITEM 7: ESTIMATED INITIAL INVESTMENT

Item 7 Table:

**YOUR ESTIMATED INITIAL INVESTMENT-EXTENDED MODEL**

| Type of expenditure | Amount (LOW-HIGH) | Method of payment | When due | To whom payment is to be made |
|---|---|---|---|---|
| FRANCHISE FEE | $100,000 | Lump sum | At signing of Franchise Agreement | E-Plex |
| LEASING COST | $64,000 - $96,000 | Per lease terms | Per lease terms | Landlord |
| FURNITURE | $80,000 - $120,000 | Lump sum | As incurred | Supplier |
| FACILITY MAINTENANCE (CCTV, ETC.) | $16,000 - $24,000 | Lump sum | As incurred | Supplier |
| SIGNAGE | $8,000 - $12,000 | Lump sum | As incurred | Supplier |
| PLAY INSTRUMENTS | $8,000 - $12,000 | Lump sum | As incurred | Supplier |
| VEHICLES | $80,000 - $120,000 | Per lease terms | Per lease terms | Supplier |

| | | | | |
|---|---|---|---|---|
| | (Additional costs may occur for leasing extra vehicles) | | | |
| BOOK PURCHASES | $3,200 - $4,800 | As incurred | As incurred | E-Plex |
| SUPPLIES | $4,800 - $7,200 | Lump sum | As incurred | Supplier |
| ADDITIONAL FUNDS- 3 MONTHS (Note 1) | $48,000 - $72,000 | As incurred | As incurred | Various |
| **TOTAL** | **$412,000 - $568,000** (figures do not include additional costs for construction and interior) | | | |

All payments are NON-REFUNDABLE unless otherwise noted. We do not finance any portion of your initial investment.

## YOUR ESTIMATED INITIAL INVESTMENT-STANDARD MODEL

| Type of expenditure | Amount (LOW-HIGH) | Method of payment | When due | To whom payment is to be made |
|---|---|---|---|---|
| FRANCHISE FEE | $50,000 | Lump sum | At signing of Franchise Agreement | E-Plex |
| LEASING COST | $40,000 - $60,000 | Per lease terms | Per lease terms | Landlord |
| FURNITURE | $40,000 - $60,000 | Lump sum | As incurred | Supplier |
| FACILITY MAINTENANCE (CCTV, ETC.) | $8,000 - $12,000 | Lump sum | As incurred | Supplier |
| VEHICLES | $80,000 - $120,000 (Additional costs may occur for leasing extra vehicles) | Per lease terms | Per lease terms | Supplier |
| BOOK PURCHASES | $3,200 - $4,800 | Lump sum | As incurred | E-Plex |
| SIGNAGE | $8,000 - $12,000 | Lump sum | As incurred | Supplier |
| SUPPLIES | $2,400 - $3,600 | Lump sum | As incurred | Supplier |
| ADDITIONAL FUNDS- 3 MONTHS | $44,000 - $66,000 | As incurred | As incurred | Various |

| | | | | |
|---|---|---|---|---|
| (Note 1) | | | | |
| **TOTAL** | **$275,600 - $388,400** (figures do not include additional costs for construction and interior) | | | |

All payments are NON-REFUNDABLE unless otherwise noted. We do not finance any portion of your initial investment.

## YOUR ESTIMATED INITIAL INVESTMENT-PRESCHOOL MODEL

| Type of expenditure | Amount (LOW-HIGH) | Method of payment | When due | To whom payment is to be made |
|---|---|---|---|---|
| FRANCHISE FEE | $50,000 | Lump sum | At signing of Franchise Agreement | E-Plex |
| LEASING COST | $40,000 - $60,000 | Per lease terms | Per lease terms | Landlord |
| FURNITURE | $40,000 - $60,000 | Lump sum | As incurred | Supplier |
| FACILITY MAINTENANCE (CCTV, ETC.) | $8,000 - $12,000 | Lump sum | As incurred | Supplier |
| SIGNAGE | $8,000 - $12,000 | Lump sum | As incurred | Supplier |
| SUPPLIES | $2,400 - $3,600 | Lump sum | As incurred | Supplier |
| PLAY INSTRUMENTS | $8,000 - $12,000 | Lump sum | As incurred | Supplier |
| ADDITIONAL FUNDS- 3 MONTHS (Note 1) | $44,000 - $66,000 | When incurred | As incurred | Various |
| **TOTAL** | **$200,400 - $275,600** (figures do not include additional costs for construction and interior) | | | |

All payments are NON-REFUNDABLE unless otherwise noted. We do not finance any portion of your initial investment.

**Notes**

(1) We require you to have additional funds on hand equal to approximately three (3) months for leasehold improvements, equipment purchases, and recruitment and training. These additional funds approximate the funds necessary to operate your business during its initial period of

growth and sustain your business until it starts producing a profit. These figures are estimates, and we cannot guarantee that you will not have additional expenses starting the business.

**ITEM 8: RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES**

All materials and equipment for establishing or operating the franchise must be purchased from FC & COMPANY, LLC, its designees, or suppliers approved by FC & COMPANY, LLC.

The franchisor and its affiliates are the approved suppliers for these materials and equipment.

There are currently no suppliers in which an officer of the franchisor owns an interest.

The franchisor provides clear criteria for approving suppliers available to franchisees upon request. These criteria ensure that all suppliers meet the quality and service standards required to maintain the consistency of the franchise system. The franchisor also reserves the right to revoke approval of any supplier who fails to meet these standards. The process for revoking supplier approval is available to franchisees upon request. In the event of a revocation, the franchisor will provide written notice to the franchisee and allow a reasonable time period for transition to an approved supplier.

The franchisor issues specifications and standards for suppliers and franchisees, which are available upon request. The franchisor may modify these specifications to ensure quality and consistency across all locations.

The franchisor or its affiliates may derive revenue or other material consideration from required purchases or leases by franchisees. The purchase of E-Plex materials will represent approximately 0.6-1.2% of your overall purchases with Extended Model, or 0.8-1.7% of your overall purchases with Standard Model.

Purchases made directly from E-Plex, from approved suppliers, or in accordance with our standards and specifications collectively (excluding vehicles costs), in establishing your center will range from 24% to 38% of your total initial investment with Extended Model, 17% to 30% of your total initial investment with Standard Model, or 27% to 43% of your total initial investment with Pre-School Model.

Purchases made directly from E-Plex, such as purchase of E-Plex materials will represent approximately 0.6% to 1.1% of your total initial investment with Extended Model, or 0.8% to 1.7% of your total initial investment with Standard Model.

As a start-up franchise system, we do not yet have historical revenue data from franchisee purchases or leases. While we anticipate that revenues from required franchisee purchases will constitute a portion of our total future revenues, we cannot provide specific percentages or amounts at this time. Based on our business model and projections, we estimate that these revenues may represent approximately 10% to 20% of our total future revenues. However, this is only an estimate, and actual percentages may vary significantly.

There are no designated suppliers making payments to the franchisor based on franchisee purchases at this time.

Currently, there are no purchasing or distribution cooperatives established by the franchisor.

The franchisor negotiates purchase arrangements with suppliers to secure favorable pricing terms for the benefit of franchisees.

Franchisees are not provided with material benefits based on the purchase of particular products or services or the use of particular suppliers.

## ITEM 9: FRANCHISEE'S OBLIGATIONS

Item 9 Table

**FRANCHISEE’S OBLIGATIONS**

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

| OBLIGATION | | SECTION IN AGREEMENT | DISCLOSURE ITEM |
|---|---|---|---|
| a. | Site Selection & Acquisition/Lease | 2.1, 2.2 | 7, 8, 11 |
| b. | Payment of Franchise Fees, Royalties, and other fees | 4 | 5,6,7 |
| c. | Site Development | 2.2 | 7, 11 |
| d. | Opening Requirements | 2.3, 5.3, 5.4 | 6, 7, 11 |
| e. | Compliance with Trademark usage principles and prohibition of brand defamation | 6, 7 | 13, 14, 17 |
| f. | Attachment and management of signage (attachment of stickers for partner companies) | 5.6(e) | 6, 7, 11 |
| g. | Obligation to purchase necessary insurance | 12.2 | 7,8 |
| h. | Records and reports sent to the franchisor HQ (Monthly report: number of students, sales, events, plans for next month, other reports required by headquarters, etc.) | 5.10, 5.11 | 6 |
| i. | Obligation to respond to franchisor head office audits | 5.20 | 11, 15 |
| j. | Obligation to participate in various training sessions | 3 | 11 |
| k. | Compliance with standards and policies | 5.1, 5.17 | 11, 15 |

| | | | |
|---|---|---|---|
| l. | Customer Service that matched the quality and image that E-Plex supports | 5.5 | 11, 15 |
| m. | Safety, Hygiene, and Accident Prevention Protocols in place | 5.13 | 11, 15 |
| n. | Advertising the Facility and Programs | 5.6 | 6,7,11 |
| o. | Post-Termination Obligations adhered | 14.4, 15.2 | 17 |
| p. | No-Competition Covenants (During contract and upon termination of contract) | 15 | 17 |
| q. | Obligation to obtain consent from franchisor headquarters in transfer of business | 17 | 17 |
| r. | Responsibility of compensation for various damages incurred by franchisor headquarters while operating the site (civil, criminal, damage to reputation, etc.) | 12.1 | 17 |
| s. | Dispute resolution | 19, 20 | 17 |

## ITEM 10: FINANCING

FC & COMPANY, LLC does not offer direct or indirect financing, guarantee your notes, leases, or other obligations, and has no practice or intent to sell, assign, or discount to a third party all or part of any financing arrangement. FC & COMPANY, LLC does not receive any consideration for placing financing with any lender.

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

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

<u>Pre-opening obligations</u>

The franchisor provides assistance in site selection and approval of the location. Franchisees must submit potential locations for franchisor approval before signing a lease. In addition, the franchisor may offer guidance on negotiating the lease or purchase of the premises to ensure that the location meets the franchise's operational standards.

<u>Typical Time Between Signing the Agreement and Opening</u>

The typical length of time between signing the franchise agreement or the first payment and the opening of the franchisee's business is estimated to be between 3 to 6 months. This time frame may vary depending on several factors, including the time required to secure a lease, obtain financing or building permits, comply with zoning and local ordinances, and complete any necessary construction or remodeling. Additionally, weather conditions, equipment shortages, or delays in the installation of fixtures, equipment, and signage may affect the timeline for opening.

Franchisor's obligations during franchise operation

The franchisor provides various forms of assistance during the operation of your franchise. This includes developing and supplying annual and monthly curricula for various programs, including Weekly English/Math Packets and Reading Comprehension Tools. For applicable models, we also provide Preschool annual and monthly curricula and Monthly Meal Plan Samples.

The franchisor offers detailed descriptions of staff roles and responsibilities, and a framework for staff training. Seasonal training is provided to employees based on their experience level. The franchisor supports administration in providing high-quality care to students in the classroom.

The franchisor provides guidance on necessary operational forms and procedures. The franchisor outlines processes for monitoring and improving operational performance. Support is offered for various operational issues, including guidance for different types of camps and programs.

The franchisor implements an Education Quality Management System (EQMS) to maintain and enhance the quality of our educational offerings. Regular assessments and evaluations are conducted to measure student progress, learning outcomes, and program effectiveness.

The franchisor regularly reviews and evaluates the effectiveness of our educational programs and services through internal audits, stakeholder feedback, and performance metrics. Continuous improvement initiatives are implemented based on data-driven insights and best practices in education.

The franchisor provides comprehensive guidance on administrative, bookkeeping, accounting, and inventory control procedures. This includes assistance in developing budgets, providing templates and tools for budget creation and monitoring, and guidance on cost management strategies. The franchisor conducts regular variance analysis to compare actual financial performance against budgeted figures.

Each franchise receives a customizable website connected to the main E-Plex website. We provide and maintain application systems for student management, scheduling, and billing.

In addition to the assistance outlined above, the franchisor supplies various resources specific to different franchise models. The details of these supplies are as follows:

| **Supply provided by Franchisor** | | | |
|---|---|---|---|
| MODEL | A. EXTENDED | PRESCHOOL+AFTERSCHOOL+AMS | AA, BB, CC |
| | B. STANDARD | AFTERSCHOOL+AMS ONLY | AA, BB |
| | C. PRESCHOOL | PRESCHOOL ONLY | CC, DD |

| | | | |
|---|---|---|---|
| | D. AREA EXCLUSIVE | AREA(STATE OR COUNTY) EXCLUSIVE | AA, BB, CC |

| | |
|---|---|
| AA | 1. Weekly English/Math Packet supplied |
| | 2. Application use and maintenance |
| | 3. Website use and maintenance - Branch exclusive page will be given |
| | 4. Reading Comprehension Tool supplied |
| | 5. Introduction of the Branch on the HQ homepage |
| BB | 1. Support for various camps (International Camps, Seasonal Camps) |
| | 2. Provide various Forms Necessary for Operation |
| | 3. Various Marketing Support |
| CC | 1. Preschool annual and monthly curriculum |
| | 2. Monthly Meal Plan Sample |
| | 3. Necessary Licensing Forms Management |
| DD | 1. Application Use and Maintenance |
| | 2. Website Use and Maintenance - Branch exclusive page will be given |
| | 3. Introduction of the Branch on the HQ homepage |

<u>Advertising program</u>

Franchisees are required to vigorously promote the enrollment of students at their Center. Franchisees bear the personal and primary responsibility to proactively attract students and should not solely rely on E-PLEX's promotional efforts. Upon request, franchisees must provide an accurate accounting of their expenditures on local advertising and promotion to the franchisor.

Franchisees must obtain written approval from the franchisor before using any self-developed promotional materials. Pre-approved materials provided by the franchisor may be used without further approval, provided they are not altered. The franchisor is not obliged to pay for advertising materials, whether created by the franchisee or provided by the franchisor.

Franchisees are not permitted to create or manage independent websites or promote E-PLEX products or services through the Internet, including social media, without prior written authorization from the franchisor. Franchisees will have a presence on E-PLEX's master website, which must comply with the franchisor's rules.

Franchisees are restricted from advertising for students outside their designated territory without prior written approval from the franchisor. All advertising efforts must comply with the guidelines specified in the Operations Manual, which may be amended from time to time. Franchisees may only conduct marketing activities outside the approved territory with the franchisor's prior written approval.

Franchisees must obtain approval from the franchisor before displaying any signs at their Center. All signs and logos used must follow the brand guidelines outlined in the Operations Manual. The E-PLEX logo must be displayed in its proper form and color, as specified by the franchisor.

If a local or regional advertising cooperative is established, franchisees in the designated area may be required to participate. The cooperative will be composed of two or more centers within a specified region, as determined by the franchisor. The franchisor reserves the right to manage, change, dissolve, merge, or terminate the cooperative at any time.

Computer systems and technology

The franchisor provides guidance on implementing surveillance cameras and access control systems for facility management. Each franchise receives a customizable website connected to the main E-Plex website.

Operation Manual

You will have an opportunity to view the Operation Manual before buying the franchise by request.

The franchisor provides a comprehensive Operation Manual to franchisees. The table of contents of the operation manual is as follows: Company Introduction (4 pages), Franchise Enrollment Process (16 pages), Education Programs (7 pages), Teacher and Staff Management (7 pages), Operational Procedures (36 pages), Marketing and Promotion (7 pages), Quality Management and Feedback (3 pages), Financial and Operational Management (4 pages). Total pages: 79 (Operation Manual dated September 2024).

Training

**TRAINING PROGRAM**

| Subject | Hours of Classroom Training | Hours of On-The-Job Training | Location |
|---|---|---|---|
| Construction, Permits, and Licenses | 4 | 0 | In-person: franchisor HQ |
| Application | 8 | 0 | In-person: franchisor HQ |
| Website (READING CENTER INCLUDED) | 8 | 0 | In-person: franchisor HQ |
| Employee Selection | 4 | 0 | In-person: franchisor HQ |
| Operations | 16 | 0 | In-person: franchisor HQ |
| Interior | 8 | 0 | In-person: your center |
| Facility Set-up | 8 | 0 | In-person: your center |
| Advertising & Marketing | 8 | 0 | In-person: franchisor HQ |
| Finances | 8 | 0 | In-person: franchisor HQ |
| Extra | As needed (FEES WILL APPLY) | 0 | In-person; varies |

Training classes are held seasonally at the franchisor's headquarters or the franchisee's location. The headquarters has classrooms and the necessary technology to facilitate comprehensive training sessions.

Instructional materials include manuals, digital presentations, interactive software, and practical guides. Instructors are experienced professionals with extensive backgrounds in education management and have been with the franchisor for several years.

The initial training program is included in the franchise fee. However, franchisees are responsible for all travel and living expenses associated with attending the training.

The training must be attended by the franchisee and their designated on-premises supervisors. Successful program completion is mandatory and must be completed before the franchise opens. The training must be completed within six (6) months after signing the agreement.

Additional training programs and refresher courses are periodically required to ensure ongoing compliance with franchisor standards and stay updated on new practices and policies.

**ITEM 12: TERRITORY**

The franchise is for a specific location, which the franchisor will approve. The approval process involves collaboration with the franchising team to select a suitable territory based on demographics, market demand, and existing competition to ensure the best possible success.

You will receive an exclusive territory equal to a three (3) mile radius from your franchised location. This exclusive territory ensures that no other franchises or company-owned stores will operate within this area, providing a protected zone for your business.

Franchisee may not relocate the franchised business without the franchisor's prior written approval. Any relocation request must be submitted in writing and will be evaluated at the franchisor's sole discretion.

To avoid market saturation, the distance between academies opened by different franchisees within the granted territory must be at least 3 miles. However, when the same franchisee opens additional academies within the granted territory, there are no distance restrictions. Currently, franchisees are not granted specific options, rights of first refusal, or similar rights to acquire additional franchises beyond their exclusive territory. Franchisees interested in expanding must follow each new franchise location's standard application and approval process.

You will receive exclusive territory. Continuation of territorial exclusivity does not depend on achieving a specific sales volume or market penetration. However, significant changes in market conditions, such as a substantial increase in population within the territory, may lead to a reevaluation of territorial boundaries to ensure fair market distribution and franchisee success. The franchisor reserves the right to modify territorial rights under such circumstances, and any modifications will be communicated in advance with the affected franchisee(s).

The franchisor or its affiliates reserve the right to use other distribution channels, such as the Internet, catalog sales, telemarketing, or other direct marketing sales, to make sales within the franchisee’s territory using the franchisor’s principal trademarks. The franchisor or its affiliates do not reserve the right to use other channels of distribution such as the Internet, catalog sales, telemarketing, or other direct marketing to make sales within the franchisee’s Territory under trademarks different from the ones the franchisee will use under the franchise agreement. The franchisor offers no compensation for accepting orders inside the franchisee’s Territory.

The franchisee is restricted from soliciting or accepting consumer orders outside their exclusive territory.

Neither the franchisor nor its affiliates operate, franchise, or plan to operate or franchise a business under a different trademark that sells goods or services similar to those the franchisee offers.

## ITEM 13: TRADEMARKS

Our principal trademark, "E-Plex," is not registered with the United States Patent and Trademark Office (USPTO). We do not have a federal registration for our principal trademark. Therefore, our trademark does not have many legal benefits and rights as a federally registered trademark. If our right to use the trademark is challenged, you may have to change to an alternative trademark, which may increase your expenses.

However, we have filed two (2) trademarks application with the USPTO.

1. “E-PLEX” Word Mark: An application based on actual use, filed on August 1, 2024, and its serial number is 98678402.
2. Design Mark as below: An application based on actual use, filed on August 2, 2024, and its serial number is 98680832.

E-PLEX
EDUCATION COMPLEX

Additionally, if any third party asserts any challenge, claim, or action against the franchisee for infringement or unfair competition related to the use of the Marks (“Trademark Claim”), the franchisee must immediately notify E-PLEX. E-PLEX will undertake and control the defense or settlement of such Trademark Claim and will reimburse the franchisee promptly for all reasonable out-of-pocket expenses incurred in connection with the defense or settlement of the Trademark Claim, upon submission of proof thereof in a form reasonably satisfactory to E-PLEX.

**ITEM 14: PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION**

E-PLEX does not own or license any patents that are material to the operation of this franchise. However, E-PLEX claims copyrights on specific materials, manuals, and promotional content used in the operation of the Center. These copyrights are integral to the branding and operation of E-PLEX franchises, ensuring consistency across all Centers. The copyrights pertain to the EQMS system, Operation Manual, specifications, printed advertising, and promotional materials essential for the franchise's operation. These copyrights are not formally registered with the U.S. Copyright Office. Therefore, they do not carry the same legal benefits and rights as federally registered copyrights. If our right to use these copyrighted materials is challenged, you may have to modify or discontinue the use of the materials, which may increase your expenses.

The use of copyrighted materials is limited to the terms outlined in the Franchise Agreement and Operation Manual. Franchisees are required to use these materials strictly in accordance with E-PLEX's guidelines. No specific third-party agreements currently limit the use of these copyrighted materials. E-PLEX is obligated to protect its copyrights and will defend the franchisee against any claims arising from the use of copyrighted materials, provided that the franchisee promptly notifies E-PLEX of any infringement claims, and E-PLEX retains the right to control any litigation regarding such claims. E-PLEX will indemnify the franchisee for reasonable out-of-pocket expenses incurred in defense or settlement of such claims, as long as the franchisee has used the copyrighted materials in strict accordance with the Franchise Agreement and Operation Manual.

If E-PLEX requires the franchisee to modify or discontinue the use of any copyrighted material due to a claim of infringement, the franchisee will be notified promptly, and E-PLEX will work with the franchisee to ensure minimal disruption to the business. Franchisees have the right to terminate the use of the affected materials or seek alternatives as approved by E-PLEX.

E-PLEX considers certain information, including specific operational techniques, as proprietary and trade secrets. These are communicated to franchisees under strict confidentiality agreements as outlined in the Franchise Agreement. Franchisees must follow all guidelines for the use of such proprietary information to maintain the integrity and competitive advantage of the E-PLEX brand.

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

The franchisee must appoint a Center Director who is fully responsible for the day-to-day management and operations of the E-PLEX learning center. The Center Director must be actively involved in the operations, dedicating full-time efforts to ensure the center's success. At least one Principal must also be committed to the operation, even if a separate Center Director is appointed.

The Center Director's responsibilities include managing all communications with parents, overseeing student assessments and progress, and ensuring the quality and accuracy of student materials. The Center Director must complete training programs provided by the franchisor to meet the standards required for managing the center.

Additionally, the Center Director is required to maintain confidentiality regarding E-PLEX’s trade secrets and proprietary information and must sign a non-disclosure agreement. They are also subject to non-competition agreements, which restrict their activities during and after the franchise agreement.

The Center Director must adhere to all operational standards and procedures established by E-PLEX, as outlined in the Operation Manual and other official communications.

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

You may only provide products and services that have been approved in writing by E-PLEX. You are required to offer all products and services authorized by E-PLEX for your center model (Extended, Standard, or Preschool only). E-PLEX reserves the right to change the types of authorized goods or services at any time. We will provide you with written notice of any such changes. While E-PLEX retains the right to modify authorized products and services, we will consider factors such as market conditions, customer demand, and franchisee feedback before implementing significant changes. There are no specific territorial restrictions on whom you may enroll at your center. However, your marketing and advertising activities may be subject to limitations as outlined in Section 5.6 of the Franchise Agreement.

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

Item 17 Table:

**THE FRANCHISE RELATIONSHIP**

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

| **Provision** | **Section in franchise or other agreement** | **Summary** |
|---|---|---|
| a. Length of the franchise term | Section 13.1 | 5 years from the Effective Date |
| b. Renewal or extension of the term | Section 13.2 | You may extend your right to operate the Center for additional terms of 5 years |
| c. Requirements for franchisee to renew/extend | Section 13.3 | Must meet several conditions including compliance with agreement, satisfactory performance, execution of new agreements |
| d. Termination by franchisee | Not applicable | Not applicable |
| e. Termination by franchisor without cause | Not applicable | Not applicable |
| f. Termination by franchisor with cause | Section 14.1, 14.2 | Franchisor may terminate for various reasons with or without opportunity to cure |
| g. “Cause” defined - curable defaults | Section 14.2 | Includes failure to submit accurate and timely reports, failing Center reviews, not completing training requirements, violating advertising restrictions, violating non-compete clauses, and failing to comply with other provisions of the Agreement. |
| h. “Cause” defined - non-curable defaults | Section 14.1 | Includes misrepresentation in franchise application, criminal conviction, |

| | | |
|---|---|---|
| | | underreporting gross receipts, unauthorized site selection or relocation, failure to open by Required Opening Date, unauthorized use of Marks or EQMS, unauthorized transfer, failure to respond to communications, repeated defaults, violation of confidentiality, and breach of other agreements with E-PLEX. |
| i. Franchisee's obligations on termination/non-renewal | Section 14.4 | Includes ceasing operations, removing signage, returning confidential information |
| j. Assignment of contract by franchisor | Section 18 | Franchisor has the right to transfer its rights and obligations |
| k. "Transfer" by franchisee - defined | Definitions | Any assignment, sale, or transfer of interest in the agreement or franchise |
| l. Franchisor approval of transfer by franchisee | Section 17.1 | Required for any transfer |
| m. Conditions for franchisor approval of transfer | Section 17.2, 17.3 | Include various conditions such as franchisee being in compliance, new franchisee qualifications |
| n. Franchisor's right of first refusal to acquire franchisee's business | Not applicable | Not applicable |
| o. Franchisor's option to purchase franchisee's business | Not applicable | Not applicable |
| p. Death or disability of franchisee | Section 17.7 | Transfer must be applied for within 3 months |
| q. Non-competition covenants during the term of the franchise | Section 15.1 | Neither franchisee nor Center Director may be involved in competing business |
| r. Non-competition covenants after the franchise is terminated or expires | Section 15.2 | 3 years non-compete within 50 miles of the Center |
| s. Modification of the agreement | Section 22.7 | Only by written agreement executed by both parties |
| t. Integration/merger clause | Section 22.6 | Agreement contains all terms agreed upon by parties |
| u. Dispute resolution by arbitration or mediation | Section 19.2, 19.3 | Mediation followed by arbitration |
| v. Choice of forum | Section 20.1 | Courts of California |
| w. Choice of law | Section 22.3 | Laws of the State of California |

**ITEM 18: PUBLIC FIGURES**

FC & COMPANY, LLC does not use any public figure to promote its franchise.

## ITEM 19: FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC's Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, if there is a reasonable basis for the information, and if the information is included in the disclosure document. Financial performance information that differs from that included in Item 19 may be given only if: (1) a franchisor provides the actual records of an existing outlet you are considering buying; or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Mr. James Lee at 6940 Beach Blvd #D-212, Buena Park, CA 90621 and 714-585-8670, the Federal Trade Commission, and the appropriate state regulatory agencies.

## ITEM 20: OUTLETS AND FRANCHISEE INFORMATION

Table No. 1
Systemwide Outlets Summary
For years 2021 to 2023

| Outlet Type | Year | Outlets at the Start of the Year | Outlets at the End of the Year | Net Change |
|---|---|---|---|---|
| Franchised | 2021 | 0 | 0 | 0 |
| | 2022 | 0 | 0 | 0 |
| | 2023 | 0 | 0 | 0 |
| Company-Owned | 2021 | 0 | 0 | 0 |
| | 2022 | 0 | 0 | 0 |
| | 2023 | 0 | 0 | 0 |
| Total Outlets | 2021 | 0 | 0 | 0 |
| | 2022 | 0 | 0 | 0 |
| | 2023 | 0 | 0 | 0 |

Table No.2
Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)

For years 2021 to 2023

| State | Year | Number of Transfers |
| --- | --- | --- |
| California | 2021 | 0 |
| | 2022 | 0 |
| | 2023 | 0 |
| Georgia | 2021 | 0 |
| | 2022 | 0 |
| | 2023 | 0 |
| Total | 2021 | 0 |
| | 2022 | 0 |
| | 2023 | 0 |

Table No. 3

Status of Franchised Outlets

| For years 2021 to 2023State | Year | Outlets at Start of Year | Outlets Opened | Termina-Tions | Non-Renewals | Reacquired by Franchisor | Ceased Operations-Other Reasons | Outlets at End of Year |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| CA | 2021 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2022 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2023 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| GA | 2021 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2022 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2023 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | 2021 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2022 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2023 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

Table No. 4

Status of Company-Owned Outlets

For years 2021 to 2023

| State | Year | Outlets at the Start of the Year | Outlets Opened | Outlets Reacquired from Franchisee | Outlets Closed | Outlets Sold to Franchisee | Outlets at End of the Year |
| --- | --- | --- | --- | --- | --- | --- | --- |
| California | 2021 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2022 | 0 | 0 | 0 | 0 | 0 | 0 |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| | 2023 | 0 | 0 | 0 | 0 | 0 | 0 |
| Georgia | 2021 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2022 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2023 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | 2021 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2022 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2023 | 0 | 0 | 0 | 0 | 0 | 0 |

Table No. 5

Projected Openings As Of December 31, 2023

| State | Franchise Agreements Signed but Outlet Not Opened | Projected New Franchised Outlets in the Next Fiscal Year | Projected New Company-Owned Outlets in the Next Fiscal Year |
|---|---|---|---|
| California | 0 | 1 | 0 |
| Georgia | 0 | 1 | 0 |
| Washington | 1 | 1 | 0 |
| Total | 1 | 3 | 0 |

As of the date of this disclosure document, we have no current franchisees.

We have had no franchisees who had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during the most recently completed fiscal year.

If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

During the last three fiscal years, we have not required any franchisees to sign confidentiality clauses that would restrict their ability to speak openly about their experience with our franchise system.

As of the date of this disclosure document, there are no trademark-specific franchisee organizations associated with our franchise system.

## ITEM 21: FINANCIAL STATEMENTS

Exhibit B to this disclosure document contains our unaudited Opening Balance Sheet as of August 31, 2024. As we are a startup-up franchisor, we have not been in business for 3 years or more and cannot include all the financial statements required by the FTC Rule for our last three fiscal years. We will prepare audited financial statements as soon as practicable after the start of business.

**ITEM 22: CONTRACTS**

The following agreements and other required exhibits are attached to this disclosure document in the pages immediately following:

Exhibit A: Franchise Agreement

Attachment 1 – Territory

Attachment 2 – Form of General Release

Attachment 3 - Schedule of Owners, Officers and Managers

Attachment 4 - Guaranty and Assumption of Obligations

Attachment 5 - Conditional Assignment of Telephone and Directory Listings

**ITEM 23: RECEIPTS**

Copies of a detachable receipt are located at the last 2 pages of this Disclosure Document.

# FRANCHISE AGREEMENT

# FC & COMPANY LLC

**PLEASE SELECT ONE (1) MODEL FROM THE FOLLOWING MODELS:**

- ☐ **Extended (Preschool, afterschool, AMS)**
- ☐ **Standard (Afterschool, AMS only)**
- ☐ **Preschool only**

**THE SELECTED MODEL SHALL BE THE SUBJECT OF THIS AGREEMENT AND ALL TERMS AND CONDITIONS HEREIN SHALL APPLY TO THE SELECTED MODEL.**

## TOTAL FEES DUE AT SIGNING: ___________________

**NOTE: THIS AGREEMENT IMPOSES IMPORTANT LEGAL OBLIGATIONS ON YOU. THEREFORE, WE STRONGLY ADVISE YOU TO OBTAIN COMPETENT AND INDEPENDENT LEGAL AND BUSINESS COUNSEL BEFORE ENTERING INTO THIS AGREEMENT.**

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ATTACHMENT 1- TERRITORY
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ATTACHMENT 3 - SCHEDULE OF OWNERS OFFICERS AND MANAGERS
ATTACHMENT 4 - GUARANTY AND ASSUMPTION OF OBLIGATIONS
ATTACHMENT 5 - CONDITIONAL ASSIGNMENT OF TELEPHONE AND DIRECTORY LISTINGS

**FC&COMPANY LLC**

**FRANCHISE AGREEMENT**

This **FRANCHISE AGREEMENT** (this "**Agreement**") is entered into on ________________ (the "**Effective Date**") between FC & COMPANY LLC, a California limited liability company ("**E-PLEX,**" "**we,**" or "**us**"), and ____________________________________________ ("**you,**" "**your,**" or "**Franchisee**").

E-PLEX and Franchisee are each individually referred to herein as a "party" and collectively referred to as the "parties."

## DEFINITIONS

**"Center"** means a E-PLEX learning center.

**"Center Director"** means a person who meets the description and requirements of Section 3.4 of this Agreement.

**"Competing Business"** means (a) any business that offers education to children whether by means of academic instruction, self-guided instruction, tutoring, test preparation or any form of supplemental educational service, or (b) any business granting franchises, licenses or similar rights or that participates in partnerships or joint ventures, for the development and/or operation of the type of business specified in subparagraph (a) of this definition (other than a E-PLEX Center franchise operated under a franchise agreement with us).

**"Confidential Information"** means information related to E-PLEX and its business and its franchisees' businesses. "Confidential Information" includes (but is not limited to) the Manual, EQMS, customer data and any data or procedures to which you would not have had access if you were not a E-PLEX franchisee. We own all intellectual property rights and other rights to the Confidential Information.

**"Dispute"** means any dispute claim or controversy arising out of or relating to this Agreement or its breach including any claim that this Agreement or any part hereof or its formation is invalid, illegal or otherwise voidable or void, or induced by fraud.

**"Education Quality Management System (EQMS)"** means a designed system to maintain and enhance the quality of our educational offerings across all programs and courses. Key features of our EQMS include: (i) E-PLEXs education systems including but not limited to curriculum development, instructional design, faculty training and development, continuous improvement, (ii) E-PLEX's business systems including but not limited to marketing, accounting, operational and administrative materials, and processes, (iii) E-PLEX's know-how, (iv) Assessment and Evaluation and (v) Confidential Information and Manual used by us, by you or in Centers. You acknowledge that (i) the EQMS is not generally known and is beyond your present skills and experience, (ii) to develop the EQMS would be expensive, time consuming and difficult, and (iii) we own all intellectual property rights, copyrights and other rights to the EQMS.

**"FDD"** means the E-PLEX Center franchise disclosure document that is in effect as of the Effective Date.

**"Franchise Fee"** means one-time fee granting you the right to operate an E-PLEX education center under our established brand name and proven business model.

**“Fees”** means the Marketing Fee and any other fees we are entitled to collect under this Agreement collectively and as applicable.

**“Gross Receipts”** means the total of all receipts (all money or things of value received) derived from all sources in connection with the operation of the Center, including without limitation, student tuition registration and testing fees sales of learning materials, hourly per student private tutoring and any other products or services provided in connection with the operation of the Center or which are promoted or sold under or using the Marks and without deducting your costs or expenses, salaries, overrides or bonuses payable to your employees or independent tutors. “Gross Receipts" shall exclude only sales tax receipts that you must by law collect from customers and that you pay to the government, customer refunds actually paid and coupons or promotional discounts approved by us.

**“Training Program”** means E-PLEX's training program as detailed in Section 3.1 of this Agreement.

**“Interim Period"** means the period of time following the expiration of the term of this Agreement during which you continue to operate the Center, without signing a Successor Franchise Agreement.

**“Manual”** means E-PLEX's confidential proprietary style guide, Manual, directives, descriptions of the EQMS and any amendments, supplements, renovative works, and replacements whether embodied in electronic or other media. We own all copyrights and other rights to the Manual.

**“Marketing Fee”** means contributing to marketing fees to ensure consistent brand messaging across all E-PLEX locations, and fosters a strong reputation that benefits all franchise owners.

**“Marks”** means the trademarks, service marks logos, trade dress commercial symbols, domain names and similar and related words or symbols whether registered or unregistered, designated by E-PLEX from time to time, to identify Centers and the goods and services offered in them.

**“Opening Date”** means the date your Center first opens to existing or potential customers on a "full time basis." (as defined in the Manual)

**“Principal”** means a person owning twenty percent (20%) or more of the franchised business or the franchisee entity.

**“Required Opening Date”** has the meaning set forth in Section 2.3.

**“Royalties”** means the Royalty collectively and as applicable.

**“Royalty Fee”** means monthly contributing a percentage of your gross sales to E-PLEX as ongoing royalty fees. These fees are essential for supporting the continued development and innovation of E-PLEX educational programs, marketing initiatives that benefit all franchise owners, and essential technological infrastructure that strengthens the entire E-PLEX network.

**“Successor Franchise Agreement”** means the franchise agreement you must sign at the commencement of any Successor Term to the term of this Agreement.

**“Territory”** means the territory described or depicted in Attachment 1 to this Agreement.

**“Transfer”** means any assignment, sale, division, encumbrance, hypothecation, mortgage, pledge or other transfer by you in whole or in part of any interest, either voluntarily or by operation of law (such as through divorce or bankruptcy proceedings) in any interest in this Agreement, any interest in the Center, or (if you are a corporation or other legal entity) any ownership interest in you.

## 1. APPOINTMENT

### 1.1 Grant

Subject to the terms and conditions set forth in this Agreement, we hereby grant you during the term of this Agreement a right to develop, own and operate a single Center in the Territory at a location we approve using the Marks and the EQMS.

In no event shall this Agreement be deemed a grant or license of any nature by E-PLEX to you to open, own or operate any Centers other than the single Center in the Territory, or to use the Marks or the EQMS for any purpose not expressly authorized pursuant to this Agreement.

You promise to carry out the obligations and responsibilities of E-PLEX franchisee, including acting yourself as (if you are a sole proprietorship) or employing a Center Director.

You may not use your rights under this Agreement to guarantee any obligation of yours or otherwise grant a security or collateral interest in this Agreement.

### 1.2 Location

You are responsible for selecting a proposed site for your Center after completing the Training Program. You may not locate the Center in your home or in any other residential property.

The site must be in accordance with the required square feet as the Manual. E-PLEX has the right to increase these minimum accommodation requirements on reasonable notice.

E-PLEX will not permit any activity other than the operation of the franchised business at your Center unless you receive our prior written approval.

## 2. SITE SELECTIONS, TERRITORY

### 2.1 Site Selection, Lease

You must obtain our authorization of a site before signing a lease or otherwise establishing a Center.

Any assistance we may provide with Territory selection and site selection, our review and authorization of your Territory and site, are not representations or guarantees that a Center located within that Territory or at that site will achieve any particular level of success.

We must review and consent to the physical layout of each Center. You agree that we have no liability to you regarding the viability or profitability of your Center.

You must obtain E-PLEX's written approval of the site before you enter into any commitment with the landlord or site owner. We will have the right, within 14 days of its receipt of a request, to approve or disapprove a proposed site, and will notify you in writing our decision. You shall use your best efforts to cause the lease of your Center to be amended such that the lease:

(a) Provides for notice to Company of any default by you under the lease;

(b) Provides that you may assign your interest under the lease to Company without the lessor’s consent, and provide that it may be further assigned or sublet to a “E-PLEX” franchisee approved by us during the initial term or any renewal term of the lease;

(c) Provides that we may assume the lease upon termination of this Agreement or if you commit a default that gives the lessor the right to terminate the lease;

(d) Provides that the Lease shall automatically terminate upon the termination of this Agreement; and

(e) Provides that upon expiration or termination of the Lease for any reason, you shall upon our demand, remove all the Marks from the Center and modify the decor of the Center so that it no longer resembles in whole or in part a E-PLEX, and if you fail to do so, we will be given written notice and the right to enter the Center to make such alternations.

**2.2 Site development**

Upon our approval of the site, you shall, at your sole cost and expense, develop the Center in accordance with our standards and specifications as detailed in the Manual.

You acknowledge and agree that it is your sole responsibility to select and acquire a site which has the facilities, finish out, and furniture to meet E-PLEX's criteria for site approval. You agree to operate your Center with adequate lighting, working and clean bathrooms, clean student work rooms, a clean waiting room, adequate and appropriate furniture, and in a safe manner. You are responsible for:

(a) Obtaining all required permits and licenses for the construction and operation of the Center;

(b) Ensuring that the Center meets the minimum size requirements for each program as specified in the Manual's "5.2 Classroom and Facility Operations" section;

(c) Purchasing and installing all specified equipment, fixtures, furnishings, and signs as detailed in the Manual;

(d) Implementing all required safety and security measures, including surveillance cameras and access control systems, as outlined in the Manual's "5.2 Classroom and Facility Operations" section.

You shall comply with all our standards and specifications for developing the Center, including, without limitation:

(a) Layout requirements for classrooms and facilities;

(b) Equipment, décor, fixtures, and furnishings specifications;

(c) Signage, branding, and environmental graphics guidelines as detailed in the "6.4 Logo Use" and "6.4 Signage and Environmental Graphics" sections of the Manual.

(d) Attachment and management of signage, including the attachment of stickers for partner companies, as required by E-PLEX or specified in the Manual.

You shall not make any material changes to the layout or décor of the Center without our prior written consent.

Our rights to inspect and access the Center are detailed in Section 5.17 of this Agreement.

You must complete the development of the Center and have it open and operating within the timeframe specified in Section 2.3 of this Agreement, unless you have obtained our written approval for an extension of time.

**2.3 Start of Center Operations**

Your Opening Date for your Center must be a date no later than six (6) months after the Effective Date (the **"Required Opening Date"**) unless you have our prior written consent. You acknowledge that we would be damaged by any unreasonable delay in the opening of your center within the Territory.

**2.4 Territory, Retention of Rights**

You are only granted the right to operate one Center in the Territory. You do not have option or rights of first refusal to open any additional centers within the Territory or outside of it.

As long as you are in strict compliance with this Agreement, we will not establish another franchised, company-owned or affiliate-owned E-PLEX center within the Territory.

Your Territory will consist of the geographic area within the boundaries specifically described or depicted in **Attachment 1** to this Agreement.

The actual location of your Center must be inside of the Territory's boundaries and approved by us. The size and boundaries of the Territory will be determined by us.

We have the right to reconfigure your Territory, which we may exercise in order to better reflect what we believe to be your Center's target market after you establish your Center's actual location, after you relocate your Center pursuant to Section 2.5 of this Agreement, after a change to the geographic boundaries, zip codes, or demographic makeup of the area in which you have located your Center, after our discovery of an inadvertent error in the creation of your Territory, or after other events or for other reasons that may be reasonable efforts to maintain a demographic makeup in the reconfigured Territory similar to the makeup before the reconfiguration.

Except as explicitly and specifically granted to you herein, we reserve all rights in and to the Marks, the EQMS, and goodwill associated with each of them, including, without limitation, our rights to:

(a) franchise and establish company-owned and affiliate owned E-PLEX Centers outside the Territory;

(b) establish, operate and franchise the EQMS or any other programs, products and/or services under the trade names, trademarks, service marks, or logos other than the Marks within or outside of the Territory;

(c) sell or provide services and products, whether or not part of the EQMS, using the Marks or other names, trademarks and service marks, other than primarily at a learning center, within or outside of the Territory. Specifically, without limitation, we or an affiliate have the right to offer instruction services and products directly to customers on the Internet;

(d) sell or provide services and products whether or not part of the EQMS, using the Marks or other names, trademarks and service marks to alternative customer types, within and outside of the Territory; and

(e) merge with, acquire, or be acquired by any business, including a company that operated company-owned or franchised businesses that compete with you, even if one or more of those competing businesses operates in your Territory.

**2.5 Relocation of Center**

You may not relocate your Center without our prior written approval. If approved, any relocation must comply with the site selection and development processes outlined in Sections 2.1 and 2.2 of this Agreement.

## 3. TRAINING

**3.1 Training Program**

Training is crucial to ensuring that they have the knowledge, skills, and resources to perform their roles effectively. Our training process includes, but is not limited to, sessions below, and it is subject to change by E-PLEX from time to time, in our sole discretion, based on updates or revisions to our internal training policies and programs.

(a) All franchisees must complete a sum of seventy-two (72) hours of E-PLEX's training in accordance to the Training Table in the Manual's "4.1 Teacher Recruitment and Training": Construction, Permits and Licenses: four (4) hours training at E-PLEX Head Quarters

(b) Application: eight (8) hours training at E-PLEX Head Quarters

(c) Website (Reading Center Included): eight (8) hours training at E-PLEX Head Quarters

(d) Employee Selection: four (4) hours training at E-PLEX Head Quarters

(e) Operations: sixteen (16) hours training at E-PLEX Head Quarters

(f) Interior: eight (8) hours training at your Center

(g) Facility Set-up: eight (8) hours training at your Center

(h) Advertising and Marketing: eight (8) hours training at E-PLEX Head Quarters

(i) Finances: eight (8) hours training at E-PLEX Head Quarters

(j) Extra: as needed (fees will apply) training at E-PLEX Head Quarters or your Center

**3.2 Staff Training**

Our Staff Training includes:

(a) Providing comprehensive orientation sessions for new hires, covering company policies, procedures, and expectations.

(b) Offering ongoing training and professional development opportunities to enhance skills and stay updated on best practices.

(c) Conducting regular performance evaluations and providing constructive feedback to support continuous improvement.

(d) Encouraging collaboration and knowledge sharing among staff members to foster a culture of learning and growth.

**3.3 Teacher Training**

Each of your Teachers must complete, to our satisfaction, a teacher training program, as supported by E-PLEX's R&D Center, customized curriculum, and professional development opportunities, prior to starting at your center.

**3.4 Ongoing Training**

After completion by all individuals of all respective required training sessions as detailed above in Sections 3.1 through 3.3 of this Agreement, you and your Center Director must participate in, and successfully complete ongoing training as prescribed by E-PLEX during the term of this Agreement.

**3.5 Supplemental and Repeat Training**

We have the right to require you or your Center Director to repeat any training within a reasonable amount of time. Additionally, we have the right to add training sessions to our standard training programs and to require your attendance. We also can require you, within a reasonable amount of time, to participate in and successfully complete specific E-PLEX training sessions that we feel are necessary to upgrade your instructional, business or Center management skills. We alone will make these determinations based upon our Business Judgment.

**3.6 Consultation**

In addition to the formal training described above, we may (but are not obliged to) provide consultation through more informal methods such as meetings with you at our office or other locations designated by E-PLEX, phone calls, or visits to your Center.

We currently provide you with instructional materials at no charge, as described in our Manual. We have the right to charge for such items and other items of inventory or instruction in the future.

**3.7 Transportation, Lodging, Meals, and Other Expenses**

Unless otherwise explicitly stated in Section 3, you must pay all expenses for you and your attendees' transportation, lodging meals and other expenses incurred in connection with attending any of our training programs. If you are a transferee and are signing this Agreement in connection with the transfer of an existing and operating E-PLEX center to you, you must also pay all expenses for you and your attendees' transportation, lodging, meals, and other expenses incurred in connection with attending the training Programs.

## 4. FRANCHISE FEE, ROYALTIES, AND MARKETING FEES

### 4.1 Franchise Fee

(a) When you sign this Agreement you must pay E-PLEX a Franchise Fee if:

This Agreement is for your first Center you must pay in accordance to the Manual:

(i) Extended (Preschool, afterschool, AMS): one hundred-thousand Dollars ($100,000)

(ii) Standard (Afterschool, AMS only): fifty-thousand Dollars ($50,000)

(iii) Preschool only: fifty-thousand Dollars ($50,000)

(iv) Area Exclusive: State (Area) Exclusive: Mutually agreed upon

(b) 50% of Franchise Fee will be paid if:

(i) You are a transferee and are signing the Agreement in conjunction with the Transfer of a franchise to you; or

(ii) You are an existing franchisee and are signing the Agreement to function as a Successor Franchise Agreement for an expiring franchise agreement.

(c) The Franchise Fee is payable in full when you sign this Agreement via check, cash, money order, wire transfer. The Franchise Fee is fully earned upon payment and non-refundable.

### 4.2 Royalty Payments

Monthly Royalty: Monthly beginning on the Opening Date, You must pay E-PLEX the Monthly Royalty based on your monthly Gross Receipts as follows:

(i) For Standard Centers (Afterschool, AMS only), Extended Centers (Preschool, afterschool, AMS), and Preschool only Centers: Five percent (5%) of monthly Gross Receipts.

(ii) For Area Exclusive Centers:

- 1st facility: Five percent (5%) of monthly Gross Receipts
- 2nd facility: Four percent (4%) of monthly Gross Receipts
- 3rd facility (and subsequent): Three percent (3%) of monthly Gross Receipts

### 4.3 Marketing Fees

(i) Initial Marketing Fee: You must pay an Initial Marketing Fee in accordance with the Manual.

(ii) Monthly Marketing Fee: Beginning on the Opening Date, You must pay E-PLEX a Monthly Marketing Fee equal to one percent (1%) of your monthly Gross Receipts.

### 4.4 Review and Payments

WE STRONGLY RECOMMEND THAT YOU REVIEW OUR OPERATING MANUAL FOR DETAILED INFORMATION ON HOW THE INITIAL INVESTMENT WILL BE CALCULATED BEFORE SIGNING THIS AGREEMENT.

All payments shall be made to made by wire transfer or cashier's check to the bank account designated by us in writing. We reserve the right to modify our designated bank account details by providing written notice to you. Payment shall be deemed made when the funds are received in our designated account or when the cashier's check is delivered to our address of record.

### 4.5 Late Fees and Interest Charges

For all amounts due to E-PLEX pursuant to this Agreement, you agree to pay a late charge of five (5) percent (5%) upon any sum not paid when due, plus interest of one percent (1%) per month or portion thereof that the amount due remains unpaid. The obligation to pay a late charge is in addition to the potential liability for termination under Section 14. Acceptance by E-PLEX of any payments or partial payments due to it under this Agreement shall not be deemed a waiver by E-PLEX of any preceding or succeeding breach by franchisee of any terms, provisions, covenants, or conditions of this Agreement (including E-PLEX's right to require franchisee to pay a late fee and interest charges), or other amounts due.

## 5. OPERATION OF CENTER

### 5.1 Compliance with Education Quality Management System (EQMS)

You agree that your strict compliance with the EQMS is essential to this Agreement. Non-compliance with any element or requirement of the EQMS will be deemed an event of default. If you receive notice from us that you are in default of any such element or requirement, and by thirty (30) days or more after your receipt of the notice we reasonably determine that you have not cured the default, we have the right to assess you a non-compliance fine of three hundred dollars ($300) per month for each default until you can demonstrate that you are in compliance with the element or requirement.

### 5.2 Center Name

We will work with you to select a single descriptive community name for your Center. You must operate the Center under the name we assign to you. If there are other communities included in your Territory that your Center may serve and that you want to identify in approved advertising and promotion of your Center, you must obtain our prior written approval to do so.

We have the right to subsequently withdraw approval of the use of any of the additional community names other than your assigned name.

You may use E-PLEX logo for activities associated with the operation of your Center. Any other use of the logo requires our prior written approval.

If we require you to change your Center name, we will give you reasonable time to change advertising and promotional material associated with your Center at your cost.

In connection with the operation of the Center, you agree that at all times and in all advertising, promotion signs and other display materials on its letterheads, business form at the Center and other authorized business sites, in all of your business dealings related thereto and to the general public, you will identify the Center under your assigned name together with the words "AN INDEPENDENTLY OWNED AND OPERATED FRANCHISEE OF E-PLEX CENTER LICENSING" or such similar designation as shall hereafter be prescribed by E-PLEX, all in such form, size and style as shall be prescribed in the Manual.

### 5.3 E-PLEX Center Sessions

You must conduct teaching sessions at your Center during at least five (5) days and for at least thirty (30) total hours per week. Each weekday at your Center session must be at least five (5) hours in duration.

You must enter your Center session hours on your Center webpage. Center sessions do not include time devoted to preparing for your Center hours or marketing, meeting with parents or other business activities.

You may not conduct teaching sessions or provide any other services at any location other than your Center, including homes of students, prior to or after the Opening Date.

**5.4 E-PLEX Center Hours**

You must keep your Center hours open on a "full-time basis" (as defined in the Manual). You are required to have your telephone answered by a live person (not an answering machine or voicemail system) who is knowledgeable about the E-PLEX program and your Center, during normal retail business hours. If through monitoring your Center regarding this requirement, we reasonably determine that your telephone is not being answered by a live person, we will provide you with written notice that you are in default of this requirement.

**5.5 Improvements and Services to Students**

You and your teachers must exert reasonable effort to continuously improve your knowledge of and ability to apply the EQMS. You must render prompt, professional, courteous and willing service to your students and the parents of students enrolled at your Center.

**5.6 Promotion of the Center**

(a) Local Promotion of Your Center: You have an obligation to vigorously promote the enrollment of students at your Center. You acknowledge and agree that you bear the personal and primary responsibility to proactively attract students to your Center, and you should not solely rely on E-PLEX's sales promotions and goodwill promoting of your Center. Upon request, you shall furnish to us, in the manner we prescribe, and accurate accounting of your expenditures on local advertising and promotion.

(b) Advertising Approval: We have the right to require copies of some or all advertising pieces to be sent to E-PLEX. If you develop your own proposed promotional materials, you must obtain our written approval prior to using them. The promotional materials that we create may be used without our prior written permission, so long as they have not been altered in any way. We are not obliged to pay for advertising materials, whether you create the materials and we approve them or you use promotional materials that we create. All advertising much list the name we assigned to your Center, or if you are advertising jointly with other centers, if must list all participating centers by name. You may not combine advertising for your Center with advertising for any other program or business entity without written permission from us. We assume no responsibility for any claims or damages that may occur as a result of your advertising or promotional activities.

(c) Internet Presence and Promotions: You may not have an Internet site or presence, or offer or sell E-PLEX products or services through the Internet, except as authorized by us in the Manual or otherwise in writing. You may not advertise for students by social media or using related media or technology, except as authorized by us in writing. We will provide you with a presence on E-PLEX's master website. You must participate in any such website under our rules.

(d) Territory Restrictions: You may not advertise for students in any media read primarily outside of your Territory, except as authorized by us in the Manual. The Manual, which may be amended from time to time, may contain information on what your advertising abilities and restrictions will be with regard to each particular media you will be using, such as postcards, newspapers, newsletters, and other forms of media. We have the right to otherwise restrict any marketing activities based on where targeted customers are known to reside or are believed by us to reside. You may only conduct marketing activities outside of what is approved in the Manual with the prior written approval of E-PLEX, which may be withheld or withdrawn even after being granted, at our sole discretion.

(e) Signs and Logos: We must approve all signs before you display them to the public at your Center. You must use the E-PLEX logo in its proper form and color as required by the Manual.

(f) Cooperative Advertising: We have the right to designate local or regional advertising cooperatives composed of two (2) or more centers. If such cooperative is established, we will have the right to require the cooperative to change, dissolve, merge, or terminate.

**5.7 Computer System and Customer Data**

You must use EQMS to manage all aspects of your business, including all required functionality and processing all customer payments through the system designated by E-PLEX. You must purchase and use the computer hardware and software for use of EQMS and make such additions and replacements in the future as necessary.
You must have access to the Internet through broadband connection at your Center to allow you to access the EQMS and to allow communication with us, in compliance with the Manual.
We have the right to access any data as it pertains to the business. We also reserve the right to access or review any data in your accounting system as it pertains to the business.
E-PLEX owns and maintains an exclusive right in all customer and business transaction data.
We reserve the right to designate additional software programs or packages that you must use for your Center business. If we specify an additional software program we will identify it in the Manual.

**5.8 Enrollment of Students**

There is no geographic restriction on whom you may enroll at your Center. But solicitation of students is subject to Section 5.6 of this agreement.

**5.9 Approved Services and Products**

You may only offer approved services and products at your Center. Approved services and products, which require written approval, are defined in the Manual and may be changed and modified from time to time.
You may only offer services outside of what is approved in the Manual with the prior written approval of E-PLEX. You are not permitted to offer programs at your Center through another company, whether that company is owned by you or not unless you receive advance approval in writing from E-PLEX.
You cannot present yourself as a vendor, advertise to, or otherwise offer services to other franchisees through any means, unless explicit written authorization to do so is provided by us.

**5.10 Reports**

The Manual specifies the monthly reports by you and daily/progress reports by teachers that you must submit to us, the method of submission and their due dates. You must also submit an annual reporting summary, all reports required in the Franchise Procedure as described in the Manual. We also have the right to require specific non-recurring reports. We have the right to withhold information related to the EQMS if we do not receive the reports by their respective due dates.

**5.11 Books and Records**

You must establish and maintain a bookkeeping accounting and record keeping system conforming to the E-PLEX chart of accounts and other requirements prescribed by us from time to time and accurately record Gross Receipts and other financial information as we prescribe.
If requested by us in advance, you shall submit to us financial statements for Center operations, including a statement of profit and loss and balance sheet for any particularly specified month, quarter or year and/or year-end income tax returns.
You must keep accounting and financial records relating to your Center operations separate from all other business activities to the Center business.

**5.12 Inventory**

You must maintain at all time an adequate supply of materials to operate the Center without interruption.

**5.13 Maintenance of Center**

You must maintain the Center in a safe, sanitary, and orderly condition, in compliance with safety standards and regulations as prescribed in the Manual’s 5.2 Classroom and Facility Operations.

**5.14 Professionalism**

You must operate your Center at all times in a professional manner. You must not engage in deceptive, misleading, unethical, immoral or illegal conduct. You must not make any false or misleading or deceptive statement or representation or advertising concerning E-PLEX or its authorized franchisees.

You must demonstrate in operation of our Center the ability to operate within the bounds of a franchise system, showing professionalism in your relationships with E-PLEX, other E-PLEX franchisees, and your customers.

You must conduct background checks before hiring any employees and on regular basis as required by the terms of the Manual.

**5.15 <u>Response to Complaints</u>**

You must respond to any complaints within seven (7) business days, including a summary of how you addressed the issue.

**5.16 <u>Compliance with Laws</u>**

You must operate your Center in compliance with all applicable laws, regulations, codes and ordinances and other requirements applicable to the care and safety of students/children, including, if applicable, requirements to hold or obtain a teachers' certificate and/or to complete course work in education and to obtain and keep in good standing all necessary occupancy or zoning certificates, permits or licenses.

**5.17 <u>Consultation and Inspection</u>**

(a) We have the right to ourselves or through a designated representative, with or without advance notice to you:

(i) visit your Center any day of the week and at any time of the day including hours outside of the hours your Center is open, and if we give advance notice, you and your Center Director must be present;

(ii) physically or electronically inspect any materials, products, data or documents relating the to the operation of your Center;

(iii) physically or electronically access all accounting records, as they relate to the operation of your Center;

(iv) interview parents, students and your Center employees;

(v) contact any parents or students currently or previously enrolled at your Center at any time;

(vi) observe your instructional skill; and

(vii) record telephone calls coming to the Center for quality assurance purposes.

We also have the right to require the placement and maintenance of video and audio equipment as specified in the Manual or otherwise by us in writing, to facilitate the monitoring of learning center activity as well as closer monitoring of teacher interaction with students.

You must keep all records relating to each student enrolled at your Center for a minimum of two (2) years from the student's last day of attending the Center.

(b) Periodically, we may provide you with a quality assurance report regarding your compliance with the EQMS.

You must incorporate any changes we recommend to you within thirty (30) days following your receipt of your quality assurance evaluation or report following a Center evaluation.

If specific change has not been made within thirty (30) days or by the time of our next quality assurance evaluation or visit, we have the right to charge you a non-compliance fine of Five Hundred

Dollars ($500) per month for each requested change you have not made until we are reasonably satisfied that the change has been made.

(c) Participation in customer surveys, including exit surveys, is required.

**5.18 Variation of Standards**

We have the right to waive or modify our standards for any franchisee based on specific circumstances important to the successful operation of the franchisee's business; however, nothing in this sentence is intended to disclaim the representations we made in the FDD that we provided to you.

**5.19 E-PLEX Privacy Policy**

All E-PLEX franchisees are required to review and comply with the privacy policy described on E-PLEX's website in the daily operation of their center, including compliance with all laws directed at protecting the privacy and safety of children.

Franchisees are also required to put security measures in place to prevent the disclosure of the confidential information of their customers.

**5.20 Reporting, Financial Inspection, and Audit**

(a) **Monthly Reporting and Record Keeping**

You must submit a monthly report to E-PLEX detailing your Gross Receipts for the previous month. This report must be submitted within 10 days after the end of each month and must be in the format specified by E-PLEX.

(b) **Inspection and Audit Rights**

E-PLEX reserves the right to inspect and audit your financial records, including but not limited to sales records, bank statements, and tax returns, to verify the accuracy of your reported Gross Receipts. You agree to provide E-PLEX or its designated representatives with timely access to all necessary documents, financial records, and other information upon reasonable notice.

(c) **Audit Cooperation**

You agree to fully cooperate with any audits or reviews conducted by E-PLEX. This includes responding to audit inquiries and providing necessary explanations or corrections within the timeframe specified by E-PLEX.

## 6. MARKS AND SYSTEM

**6.1 System**

We will provide you with electronic access to our EQMS and Manual as necessary to operate your Center. Access to the EQMS is only granted after E-PLEX receives the funds according to the Manual. You must purchase other items bearing the Marks only from us or other sources we designate or approve, unless we waive this requirement in writing. You must follow our requirements when you use the Marks.

**6.2 No Unauthorized Use or Copying**

You may not duplicate, reproduce, or distribute any portion of the Manual or EQMS information, nor allow anyone other than enrolled students or your employed teachers to access this information without our prior written consent.

**6.3 Acknowledgement of Status and Ownership**

You acknowledge that you do not own any rights in the Marks or the EQMS. You agree not to represent to the public that you own any such rights, and you will not contest the validity of or our rights in any Marks or the EQMS .

**6.4 Limitations**

Your right to use the Marks and the EQMS continues only as long as this Agreement is in effect. You may use the Marks the EQMS only as specified in this Agreement, the Manual and any other written policy that we may adopt. You acknowledge that any unauthorized use of the Marks or the EQMS will be a violation of our rights. You may not use our Marks together with any other marks or logos without our prior written consent.

**6.5 Notice of Unauthorized Use**

You must report any suspected unauthorized use of the Marks or the EQMS within twenty-four (24) hours of becoming aware. We will investigate and have the sole right to determine any necessary action. You agree to fully cooperate with E-PLEX in any investigation or action taken regarding such unauthorized use.

**6.6 Ownership and Use of Marks**

You must immediately notify us if any third party shall asset any challenge claim or action against you for infringement or unfair competition ("Trademark Claim") on account of your use of the Marks. We will undertake and control the defense or settlement such Trademark Claim and we will reimburse you promptly for all reasonable out-of-pocket expenses (not including consequential damages or loss of income) incurred in connection with the defense or settlement of the Trademark Claim, upon submission of proof thereof in form reasonably satisfactory to us. However, that such obligations of E-PLEX to defend and reimburse you will exist only if you have:

(i) used the Marks in strict accordance with the terms of this Agreement and the rules, regulations, procedures, requirements and instructions of E-PLEX,

(ii) promptly notified E-PLEX of the challenge, claim or action as set forth above, and

(iii) otherwise fully cooperated with us in the defense of any such action.

**6.7 Copyrights**

We and our affiliates claim copyrights in the Confidential Information, Manual, specifications, advertising, promotional materials, and other related items used in operating the Center. Although these copyrights are not registered with the U.S. Copyright Office, they are protected under federal copyright laws by the placement of appropriate copyright notices. You must promptly notify E-PLEX of any suspected infringement of these copyrights and cooperate fully in any action taken to protect our rights.

## 7. CHANGES IN THE MARKS AND SYSTEM

**7.1 Modification of the Marks**

We have the right to change the Marks in our discretion. You agree to promptly discontinue use of any version of the Marks and adopt substituted or modified versions as directed by us, within a reasonable time specified in our directive.

**7.2 Modification of the EQMS**

You acknowledge that the EQMS must continue to evolve in order to reflect changing markets and to meet new and changing business demands, and that accordingly variations and additions to the EQMS may be required from time to time in order to preserve and enhance the public image of the EQMS.

We have the right to change the content of the EQMS in our discretion. If we change the EQMS, we will notify you and you must implement the changes within a reasonable time that we specify.

### 7.3 Services, Programs and Products Developed by Franchisee

You must get our approval in writing, prior to use, for the use of any additional services, programs or products that you develop for your Center. If we approve such additional items, you may use them only in your Center. You may not sell or otherwise distribute them. We will have the right, but no obligation, to make any such items part of the EQMS. Whether or not we approve them or make them part of the EQMS, you will not have any copyright or other rights in them. If we make any such items part of the EQMS, we will have all copyright and other rights in them.

## 8. MANUAL

We will provide you with digital access to a copy of our Manual. You do not own any copies or rights to the Manual and, to the extent that you print out or digitally retain material from them, we have the right to require you to destroy or return such material to us when your franchise is terminated, pursuant to Section 14.4 of this Agreement.

You must adhere to all standards, rules, and regulations contained in the Manual as though they were set forth in this Agreement.

We have the right to modify the Manual from time to time. We will provide you with at least thirty (30) days notice of the enforcement of any such modifications. The Manual remains our property at all times, and the information contained in the Manual is secret and confidential.

Therefore, you and your employees must treat the Manual as Confidential Information and must not allow any copy or portion of them to be left in an unsecure place at any time.

## 9. REQUIREMENT FOR OPENING ADDITIONAL CENTERS

Subject to our sole discretion and upon the satisfaction of all applicable requirements, we may consider allowing you to open one or more additional Centers. Each new franchise location must undergo our standard application and approval process. We reserve the right to modify, add to, or delete any of these requirements in accordance with the terms of this Agreement.

## 10. OWNERSHIP AND MANAGEMENT

### 10.1 Obligations of Center Director and Principal

The Center Director must attend, and successfully complete certain training programs as specified in Section 3 of this Agreement and personally perform obligations and requirements specified in this Agreement, including teaching students.
The Center Director must oversee, direct and be ultimately responsible for all communications with parents, student assessment and achievement tests, and student workbooks for each student enrolled at your Center.
Even if you have hired and designated a Center Director, at least one Principal must personally participate in and devote full-time efforts to the management and operations of the Center.

### 10.2 Assistants and Teachers

You may employ at your Center one or more qualified assistants or teachers. For all employees of the Center, you must conduct a background check, together with any other checks required by the statute, through a reputable investigative company an in accordance with the procedures and requirements set forth in the Manual and through our designated vendor. Background checks must be kept on file at your center according to the instructions in the Manual and made available to E-PLEX staff upon request, either manually or electronically.

You are responsible for adequately training the assistants and teachers according to the specific guidelines in the Manual and ensuring that they are competent and of good character, and comply with all statutory requirements to work with children.

**10.3 Absences**

You must give reasonable advance notice to us if the Center Director plans to be absent from your Center for a period of two (2) weeks or more. You must make arrangements to ensure that operation of the Center is in strict compliance with our standards during your Center Director's absence, and your notice to E-PLEX must describe those arrangements.

We have the right to terminate this Agreement if your Center Director is absent from the Center for two (2) weeks or more without notice or without adequate arrangements for operation of the Center during the Center Director's absence, or if your Center Director has excessive absences of any period (with or without notice) that effectively constitute a violation of this Section 10. 'Excessive absence' is defined as total absences exceeding 30 days annually or any single absence exceeding 14 consecutive days.

**10.4 Corporation or Other Legal Entity**

If you are a corporation or other legal entity (or if you wish to assign this Agreement to a corporation or other legal entity under Section 17.6 of this Agreement) you must satisfy the following requirements:

(a) We must be given a copy of the organizational and governing documents of the corporation or other legal entity documents showing all owners of the legal entity and their ownership interest, and documents identifying the persons authorized to execute agreements on behalf of the entity;

(b) We must receive proof that the corporation or other legal entity is in existence and in good standing before you transfer the Agreement to the corporation or other legal entity;

(c) All owners of the entity must personally guarantee all of the entity's obligations under this Agreement by signing the Guaranty and Assumption of Obligations attached as **Attachment 4** to this Agreement;

(d) You must designate an individual that E-PLEX approves to act as the Center Director and he or she must successfully complete certain training programs as specified in Section 3 of this Agreement. You must identify and obtain E-PLEX's approval of all owners, officers and managers, and explain their management role in the business on the Schedule of Owners Officers and Managers attached as **Attachment 3** to this Agreement;

(e) Owners, officers and managers must sign a non-disclosure and confidentiality agreement in a form approved by us; and

(f) Stock certificates or other documents evidencing an ownership interest in the corporation or other legal entity.

**10.5 Entity Name**

The legal name of a franchisee must not contain the word E-PLEX or our Marks or any similar words or wording that may be confusing. In addition, your "doing business as", or "fictitious name" must not be the word "E-PLEX" by itself. Instead, your "doing business as" or "fictitious name" must be the same name as your officially designated Center name, which must contain the word "E-PLEX" and particularly be in the form E-PLEX of [Area Name].

**10.6 Our Right to Operate**

In the event we determine in our Business Judgment that you or your Center Director are operating the Center in a manner that threatens the physical or emotional safety of any children, we have the right to remove you and/or the Center Director and to operate the Center until we determine that you are capable of operating the Center safely.

The guidelines describing our rights and your rights in such instances are set forth in the Manual, and may be amended or revised periodically in our Business Judgment.

## 11. INDEPENDENT BUSINESS AND TAXES

### 11.1 Independent Business

You acknowledge that as a franchisee of E-PLEX you are the owner and operator of an independent business and not an employee or agent of E-PLEX. You alone have the power to hire and fire your employees and you alone are responsible for complying with any and all applicable local, state, and federal laws, including those pertaining to the employment of your employees (such as minimum wage, federal and state withholding taxes, overtime compensation, child labor, workers compensation and insurance laws).

### 11.2 Taxes

You agree to pay all applicable taxes and fees related to the operation of your Center and hold us harmless from any claims or demands regarding these obligations.

### 11.3 Reimbursement of Payments to E-PLEX

You must reimburse us for any taxes assessed against E-PLEX due to your Center's operations, excluding E-PLEX's income taxes and sales tax. Additionally, you must reimburse us for any amounts we have paid or become obligated to pay on your behalf. Payments for products and services must be made on time.

## 12. INDEMNIFICATION AND INSURANCE

### 12.1 Indemnification

You agree to hold harmless, defend and indemnify E-PLEX, its affiliates, and their respective past, present and future officers, directors, shareholders, agents and employees (the "Indemnified Parties") for any claims, losses liability damages, costs, or expenses arising from:

(i) the operation of your Center, including, without limitation, any act or omission by your employees, contractors and agents that causes injury to persons or property;

(ii) any breach of this Agreement or any other agreement with E-PLEX or its affiliates.

(iii) any civil, criminal, or reputational damages to E-PLEX or its affiliates resulting from your Center's operation.

This indemnity is not limited to the amount of insurance you or we carry and survives the expiration or termination of this Agreement. "Claims" include all obligations, actual, damages and reasonable costs incurred in defense, including fees for accountants, arbitrators, attorneys and experts, as well as investigation, litigation, and related expenses. We retain the right to defend any claim against us.

### 12.2 Insurance

You must maintain the insurance coverage we require, as specified in the Manual, and at least the minimum insurance coverage required by law. Your obligation to obtain insurance does not limit your liability under Section 12.1 of this Agreement. We may adjust the required types and limits of insurance coverage from time to time in our reasonable Business Judgment (as defined in Section 19.5), with changes taking effect thirty (30) days after written notice.

You must provide us with proof of the required insurance coverage before opening your Center and upon request thereafter. This evidence must include confirmation that premiums are paid, coverage is active, and that E-PLEX is named as an additional insured. Your insurance policies must provide us with thirty (30) days prior written notice of any cancellation, termination, or change.

## 13. TERM AND SUCCESSOR TERM

### 13.1 Term

The term of this Agreement is five (5) years from the Effective Date, unless it is terminated earlier as provided in this Agreement.

### 13.2 Rights Upon Expiration

At the expiration of the term of this Agreement, you may request to extend your right to operate the Center for an additional term ("**Successor Term**") of five (5) years or such other period as we are granting to other franchisees at the time you sign your Successor Franchise Agreement provided that you meet the conditions set forth in Section 13.3. The renewal fee for the Successor Term shall be as specified in the Manual.

### 13.3 Conditions for Successor Franchise Agreement

We have the right to refuse to extend your rights to operate the Center if you have not met any of the conditions specified below:

(a) You must have notified us in writing of your intent to request a Successor Franchise Agreement, or confirm to us in writing of your intent to sign a Successor Franchise Agreement if we make an inquiry to you, not more than one hundred eighty (180) days or less than ninety (90) days before the date this Agreement is scheduled to expire by its own terms.

(b) You must be in strict compliance with this Agreement, the Manual, and any other agreements with us at the time of the expiration of this Agreement.

(c) You must not have received more than one written notice of default from us during any calendar year of the expiring term. If you received any such notices, you must be diligent and timely in curing the defaults.

(d) You must have been current with all monetary obligations to us throughout the expiring term.

(e) You must have a satisfactory record of customer services and of compliance with our operation standards during the expiring term, without regard to actual notices of default.

(f) You must execute a general release in favor of E-PLEX, its affiliates, and their respective officers, directors, shareholders, legal representatives, agents and employees, in a form provided by us (**Attachment 2**).

(g) You must execute a Successor Franchise Agreement and all other required legal agreements in our then-current forms for new franchisees. These agreements may vary in material respects from this Agreement, including, but not limited to, increased Royalties or Fees and a Successor Term that may be shorter or longer than five (5) years.

(h) You must be offering new or successor franchises in your Territory at the time you request and are prepared to sign the Successor Franchise Agreement. We reserve the right to cease offering franchises in any territory at any time.

(i) You shall have provided us with evidence satisfactory to us that you have obtained, subject to our approval of the Successor Term, the continuing right to occupy the Center for at least the duration of the Successor Term.

(j) You, your Center Director and any required Teachers shall have completed any ongoing, supplemental or repeat training as we may require.

(k) Upon our request, you must make any capital expenditures that are reasonably necessary for the renovation or modernization of the Center, including signage and equipment, to reflect our then-current image and standards for new centers.

### 13.4 Interim Period

If you do not sign a Successor Franchise Agreement prior to the expiration of this Agreement and continue to accept its benefits after its expiration, we may, at our discretion:

(a) treat this Agreement expired, with your then operating the Center being unauthorized and in violation of our rights; or

(b) treat this Agreement as continuing on a month-to-month basis ("Interim Period") until either party provides written notice of intent to terminate the Interim Period. The Interim Period will terminate thirty (30) days after the notice is received. During the Interim Period, all obligations under this Agreement remain in full force as if it had not expired, and all post-termination obligations will take effect upon termination of the Interim Period.

## 14. TERMINATION AND OBLIGATIONS UPON TERMINATION

### 14.1 Termination by Us with No Opportunity to Cure

E-PLEX can terminate this Agreement immediately upon notice to you if any of the following occurs:

(a) You made any misrepresentations or omitted material information in applying for the franchise.

(b) You, the Center Director, or any Principal is charged with, convicted of, or pleads guilty or nolo-contendere to a felony or any crime involving moral turpitude, or a child-related offense, or any other crime that could adversely affect E-PLEX's reputation, the EQMS, the Marks or the goodwill..

(c) You misrepresent the performance of your Center, including underreporting the Gross Receipts, students enrollment, or other key metrics.

(d) You fail to obtain E-PLEX's written approval of your Center site prior to committing to a lease or purchase agreement.

(e) You relocate the Center without our approval.

(f) You fail to begin operating the Center by the Required Opening Date.

(g) You attempt to infringe on our intellectual property rights, including the Marks, EQMS, or any franchise-related programs, services, or materials.

(h) You make or attempt to make an unauthorized Transfer of any of your rights or obligations under this Agreement.

(i) You fail to respond to e-mails or telephone calls from us for two (2) consecutive weeks.

(j) You fail to cure a default under Section 14.2.

(k) You are in default under Section 14.2 of this Agreement three (3) or more times within any twelve (12) month period, whether or not such default is cured.

(l) Beginning with the twenty-fourth (24th) full calendar month after the Opening Date your Center does not meet the minimum performance requirements as prescribed in the Manual (if any) for two (2) or more consecutive months.

(m) You violate the Communications Policy or Franchise Council Policy as prescribed in the Manual.

(n) You divulge or disclose the contents of the Manual or any Confidential Information contrary to the terms of this Agreement.

(o) You breach any legal requirement that, in our sole discretion, necessitates termination.

(p) You are in default of any other agreement with E-PLEX or any of its affiliates.

**14.2 Termination by Us with an Opportunity to Cure**

E-PLEX may terminate this Agreement by written notice if you fail to cure any monetary breach within ten (10) days from the day that we send you written notice of default. E-PLEX may also terminate this Agreement by written notice if you fail to cure any of the following breaches within thirty (30) days of receiving our written notice of default:

(a) You fail to submit accurate and timely reports specified in this Agreement or the Manual.

(b) You fail to pass a review of your Center. You will be given an opportunity to cure any failing areas, with time to cure for each failure at our sole discretion.

(c) You fail to complete required training as specified in this Agreement (including but not limited to those specified in Section 3 of this Agreement) or the Manual.

(d) You fail to comply with Section 11.3 of this Agreement.

(e) You advertise your Center jointly with any other programs or business without our permission.

(f) You or your Center Director violates the restriction on competition in Section 15.1 of this Agreement.

(g) You fail to adhere to advertising approval requirements, including approval of websites, as specified in this Agreement and the Manual.

(h) You fail to comply with any other provision of this Agreement except as set forth in Section 14.1 and 14.2.

**14.3 Automatic Termination with No Notice**

Except as otherwise provided by applicable law, the Agreement will terminate automatically without notice to you, under the following circumstances:

(a) You abandon your Center, which will be deemed to occur if no class sessions are held for five (5) or more consecutive days without our prior written approval.

(b) A receiver or trustee is appointed to manage your business, or your interest in this Agreement is levied or attached.

(c) You are convicted of or plead guilty to a felony or any other crime involving dishonesty, breach of trust, bodily harm, a crime against minors, or any crime that we reasonably determine could impair your ability to operate your Center.

**14.4 Your Obligations Upon Termination**

If this Agreement expires or is terminated, you must comply with the following obligations:

(a) You must promptly pay all outstanding Royalty Fees and other amounts due to us.

(b) You must immediately discontinue all use of the EQMS and Marks, including canceling any related advertising. You must provide proof of compliance within thirty (30) days of termination.

(c) You must immediately destroy or return all copies of the Manual and related EQMS information in your possession or control.

(d) You must Immediately remove all Marks from the Center, including signage and other items, and provide digital photographic evidence of removal within thirty (30) days.

(e) You must immediately notify students, parents, and your landlord that you are no longer affiliated with E-PLEX and are no longer licensed to use the EQMS or Marks. You must provide proof of notification within thirty (30) days if requested.

(f) Upon our request, you must provide us with a list of all students, their contact information, and educational records, and then destroy all copies of this information in your possession.

(g) Upon our request, you must immediately transfer all business, financial, and marketing records related to the Center to us upon request.

(h) You must submit final monthly reports as specified in the Manual.

(i) You must fulfill all remaining lease obligations.

(j) At our request, you must transfer to us any rights or passwords to telephone numbers, directory listings, domain names, and social media accounts associated with the Center upon our request.

(k) You must continue to indemnify us as provided in Section 12.1 of this Agreement.

(l) You must pay the Royalty fee for the full term of the Agreement unless we waive this requirement in writing.

(m) You must refund any prepaid amounts to customers for services that will not be provided due to termination.

(n) You must permit us to enter the Center to cure any defaults, operate the Center for our account, or ensure your compliance with post-termination obligations.

## 15. RESTRICTIONS ON COMPETITION

### 15.1 During the Term Agreement

During the term (or Interim Term of this Agreement), neither you, your Center Director, nor any employed teachers may, without E-PLEX's prior written consent, own, operate, be employed by, provide financing or other assistance to, or hold any interest in any Competing Business.

### 15.2 After Expiration, Termination, Refusal to Extend, or Transfer

For three (3) years following the expiration, termination, or non-extension, or approved Transfer of this Agreement, neither you nor your Center Director may, without E-PLEX's prior written consent, own, operate, be employed by, provide financing or other assistance to, or hold any interest in any Competing Business operating within fifty (50) miles of your Center. You are also prohibited from using any E-PLEX intellectual property, including the company name, textbooks, APP, or other proprietary materials. You acknowledge that this restriction is designed to protect the goodwill of E-PLEX and its franchisees and does not prevent you or your Center Director from earning a livelihood. Employment as a teacher in a full-time daytime school or any school approved by us in writing does not violate this Section.

### 15.3 Non-Solicitation of Customers

For two (2) years following the expiration, termination or non-extension, or approved Transfer of this Agreement, neither you nor your Center Director may contact any customers (students, parents, or others) of any E-PLEX Center for the purpose of enrolling them in a Competing Business. This includes a prohibition on using any E-PLEX intellectual property, such as the company name, textbooks, or APP, in communications with such customers.

### 15.4 Time Periods

The running of the time periods in Section 15.2 and 15.3 of this Agreement will be suspended during any period in which you are not in compliance with those sections.

### 15.5 Indirect Violations Prohibited

Neither you nor your Center Director may attempt to circumvent the restrictions in Sections 15.1 through 15.3 of this Agreement by engaging in prohibited activities indirectly through any other person or entity.

### 15.6 Penalties for Non-Compliance

In the event of a breach or non-compliance with the restrictions in Sections 15.2 through 15.5, including direct violations or attempts to circumvent these restrictions indirectly, you will be subject to penalties as determined by E-PLEX. These penalties are intended to compensate E-PLEX for potential harm to its goodwill and franchise network.

This penalty does not limit any other legal or equitable remedies available to E-PLEX, including the right to seek injunctive relief or actual damages if they exceed the specified amounts.

## 16. CONFIDENTIALITY

### 16.1 Confidential Information

As an authorized E-PLEX franchisee, you acknowledge that you will have access to and make use of Confidential Information related to E-PLEX and the EQMS. Neither you nor your Center Director may, during the term of this Agreement, any Interim Term, or after its expiration, termination, or non-extension, use or disclose any Confidential Information obtained through your association with E-PLEX, except as necessary to fulfill your responsibilities as an E-PLEX franchisee, as specified in the Manual, or as required by court order.

You, along with each owner, must sign the Confidentiality/Non-Competition Agreement as required by the Manual. All subsequent owners must also sign a non-disclosure agreement in the appropriate form, and you must deliver a copy of each signed agreement to us within thirty (30) days of their association with you.

### 16.2 Assistants and Teachers

All assistants and teachers over the age of 18 working at your Center must sign a Confidentiality Agreement as required by the Manual. You must keep the original signed agreement in the employee's personnel file, and deliver a copy to us within thirty (30) days after:

(i) the Effective Date; or

(ii) the date of the assistant's or teacher's employment commencement.

Any other employees who have not previously signed a Confidentiality Agreement must do so before attending any E-PLEX training program.

## 17. TRANSFER BY YOU

### 17.1 No Transfer Without E-PLEX's Consent

You or any of your owners (if you are a corporation or other legal entity) may not make any Transfer or permit any Transfer, including transferring ownership interests, without obtaining E-PLEX's prior written consent as outlined in Sections 17.2 through 17.8 of this Agreement. We reserve the right to communicate with and advise both you and the proposed transferee on any aspect of a proposed Transfer.

### 17.2 Transfer of Entire Business Tentative Approval

If you propose to Transfer your entire Center business, the following conditions apply (unless the majority equity interest in the proposed transferee is owned by you, or any of these conditions are waived by E-PLEX in writing):

(a) You must have owned and operated the Center for at least six (6) months;

(b) You must be in compliance with all obligations to E-PLEX, including all monetary obligations, at the time of the Transfer request, or you must arrange to come into compliance by the Transfer date.

(c) You must provide advance notice of proposed Transfer, along with copies of all proposed contracts and any other information we may request. We will have a reasonable time [not less than fifteen (15) days] after receiving all requested information to evaluate and tentatively approve the Transfer.

**17.3 Transfer of Entire Business Final Approval**

Before E-PLEX grants final approval of a Transfer, the following conditions must be met (unless the majority equity interest in the proposed transferee is owned by you or any of the following conditions are waived by E-PLEX in writing) :

(a) The proposed transferee or its owners (if it is a business entity) must demonstrate that they meet all of E-PLEX's current requirements for becoming a franchisee. We reserve the right to reject the proposed transferee based on our discretion. At a minimum, the proposed transferee must :

(i) Travel to Los Angeles, California, for interviews and receive E-PLEX's prior written consent;

(ii) Successfully complete the Training Programs, including any required Center Director training.; and

(iii) Pay us a non-refundable training fee (as specified in the Manual) whether or not such training is completed.

If the proposed transferee is currently a E-PLEX franchisee in good standing, he or she needs complete requirements of (i) and (ii) above, but must also:

(1) meet the second Center requirements set forth in Section 9 of this Agreement;

(2) not be in default under their agreement with E-PLEX;

(3) have a good record of student service and compliance with E-PLEX's operating standards; and

(4) demonstrate a comprehensive plan for both financial and operations takeover of the additional unit.

(b) The proposed transferee must:

(i) Sign our then current franchise agreement, which may include different terms from this Agreement. No initial franchise fee will be due;

(ii) Upgrade the Center, at their expense, to conform to our then current standards and specifications for new Centers, if required; and

(c) You must pay a Transfer Fee (as specified in the Manual) unless the Transfer is to an entity owned by the current owners;

(d) You and the transferee must sign an assignment and assumption agreement in a form acceptable to us, transferring your rights and obligations under this Agreement to the transferee;

(e) You and the transferee must provide evidence of the completed Transfer to us;

(f) You and your owners must sign a termination and release agreement in a form approved by us;

(g) You must provide written notice from your landlord agreeing to transfer the lease for the Center to the transferee; and

(h) If you owe E-PLEX any outstanding balance on a loan or promissory note, the full amount must be paid, including interest, before the Transfer is finalized.

**17.4 Transfer of Less Than Entire Business**

For any proposed Transfer not covered by Section 17.2, you must provide advance notice and submit copies of all proposed contracts and other requested information. If you are bringing a partner, you must also comply with Section 10.4 of this Agreement. We will have a reasonable time [not less than fifteen (15) days] after receiving all requested information to evaluate the proposed Transfer.

We have the right to withhold our consent or give or approve the Transfer with additional conditions. At a minimum, you must comply with Sections 17.2(b), 17.3(c) (if transferring 50% or more ownership of the business) and 17.3(d) of this Agreement.

**17.5 Transfer to Spouse of Adult Child**

If you propose to Transfer to your spouse or adult child, all applicable conditions in Section 17.2 through 17.4 of this Agreement will apply, except:

(a) Your spouse or adult child will not be required to pay a Transfer Fee under Section 17.3(c) of this Agreement;

(b) Your spouse or adult child will continue at the pre-Transfer royalty rate for the remainder of the original franchise term; and

(c) The Transfer must not be used to circumvent any provisions of this Agreement.

**17.6 Transfer to a Corporation or Other Legal Entity**

E-PLEX will consent to the Transfer of this Agreement to a corporation or other legal entity that you form for the convenience of ownership at no charge to you, provided that you comply with the requirements in Section 10.4, Section 17.2(b) and Section 17.2(c) of this Agreement, and provided that you and the transferee sign an assignment and assumption agreement in a form acceptable to us, whereby the transferee assumes all of your rights and obligations under this Agreement and agrees to be bound by all of the terms and obligations under this Franchise Agreement.

All individuals that have an ownership interest in the transferee entity must sign a personal guaranty whereby such owners jointly and severally guarantee the full payment and performance of the transferee entity's obligations to use under this Agreement.

**17.7 Death, Incapacity, or Bankruptcy**

In the event of the death, incapacity, or bankruptcy of you or any of your Principals, the following procedures apply:

The executor, administrator, personal representative, or trustee of the affected party must apply in writing to E-PLEX within three (3) months of the event (death, declaration of incapacity, or bankruptcy filing) to request consent to transfer the affected party's interest to their beneficiary, devisee, or another successor. This Transfer is subject to the conditions outlined in Sections 17.2 through 17.6 of this Agreement.

If the deceased or incapacitated person is you, a partner, or the Center Director, E-PLEX has the right (but not the obligation) to take over the operation of the Center until the successor has successfully completed the Training Program as required by Section 17.3(a) of this Agreement.

For purposes of this Section, “incapacity” means any physical or mental infirmity that will prevent the person from performing his or her obligations under this Agreement:

(i) for a period of thirty (30) or more consecutive days; or

(ii) for sixty (60) or more total days during a calendar year.

In the case of Transfer by bequest or by intestate succession, if the heirs or beneficiaries are unable to meet the conditions of Sections 17.2 through 17.6 of this Agreement, the executor may Transfer the decedent’s interest to another successor that E-PLEX has approved, subject to all terms and conditions for Transfers in this Agreement.

If an interest is not disposed under this Section 17.7 within a reasonable time after the date of death or appointment of a personal representative or trustee, E-PLEX has the right to terminate the deceased Principal’s interest in this Agreement under Section 14.1 of this Agreement.

### 17.8 Non-Conforming Transfers

Any purported Transfer not in compliance with this Section 17 is null and void and constitutes a material breach of this Agreement, giving E-PLEX has the right to terminate this Agreement without opportunity to cure under Section 14.1 of this Agreement.

E-PLEX’s consent to a Transfer does not waive any claims against the transferor or our right to demand full compliance with this Agreement.

## 18. TRANSFER BY US

We have the right to Transfer our rights and delegate performance of our obligations under this Agreement. Any transfer by E-PLEX will not relieve you of your obligations under this Agreement. After the effective date of such a transfer, E-PLEX will have no further liability to you under this Agreement.

## 19. DISPUTE RESOLUTION

### 19.1 Written Notice of Unresolved Disputes – Notification of Dispute Procedure

All disputes shall be formally brought to the attention of the other party through a written notice labeled “Notification of Dispute.” This notice must be delivered within sixty (60) days of the date when the facts giving rise to the dispute first became known. The Notification of Dispute must include a detailed description of the dispute, the amount of any claimed damages, and the specific relief sought.

The receiving party must respond in writing within thirty (30) business days of receiving the Notification of Dispute. However, if the dispute follows a notice of default under this Agreement, the response must be provided within ten (10) business days. The response should address the facts presented in the Notification of Dispute and state the receiving party's position regarding the relief sought.

If the dispute is not resolved based on the response, the initiating party must notify the other party in writing within five (5) business days of receiving the response that the dispute remains unresolved. Failure to provide such notification will result in the dispute being considered resolved based on the terms of the last response.

If the dispute remains unresolved after these communications, both parties must engage in good faith efforts to resolve the dispute through further discussions. All notices, requests, and responses under this section must be delivered in accordance with the notice provisions outlined in Section 22.1 of this Agreement.

### 19.2 Mediation

The parties agree that any dispute, controversy or claim arising out of or in connection with the present agreement (including any question regarding its existence, validity or termination)(the "Dispute") shall first be referred to American Arbitration Association ("AAA") for mediation in accordance with the AAA Mediation Rules for the time being in force, without prejudice to any recourse to apply to any tribunal or court of law of competent jurisdiction for any form of interim relief.

If the dispute cannot be resolved through mediation within eight (8) weeks after commencement of mediation at the AAA, or within such extended period as may be agreed by the parties, the parties shall submit the Dispute to binding arbitration in Los Angeles County administered by AAA or its successor.

**19.3 Arbitration [*E-PLEX may choose a preferred Arbitration Center)**

Any dispute arising out of or in connection with this contract, including any question regarding its existence, validity or termination, shall be referred to and finally resolved by arbitration administered by AAA in accordance with the Arbitration Rules of the AAA for the time being in force, which rules are deemed to be incorporated by reference in this clause.

The seat of the arbitration shall be Los Angeles. The Tribunal shall consist of one (1) arbitrator. The language of the arbitration shall be English.

The arbitration award will be final and binding on the persons or entities bound by this Section, and judgment on the award may be entered in any federal or state court having jurisdiction.

**19.4 Injunctive Relief and Summary Judgment Motions in Arbitration**

In the event of arbitration pursuant to Section 19.3 of this Agreement, either party may seek interim or injunctive relief from any court of competent jurisdiction to protect its rights pending the arbitration tribunal's final decision.

Seeking such relief shall not be deemed incompatible with the agreement to arbitrate or a waiver of the right to arbitrate. Additionally, either party may request the arbitration tribunal to issue a summary judgment on any claims or defenses where there is no genuine issue of material fact, and the party is entitled to judgment as a matter of law.

**19.5 Business Judgment**

Whenever we reserve discretion in a particular area or where we agree to exercise our rights reasonably or in good faith, we will satisfy our obligations whenever we exercise reasonable business judgement (the "Business Judgment") in making a decision or exercising a right.

Even if alternative decisions exist, our actions will be deemed valid if they are intended to promote the overall benefit of franchisees and E-PLEX, even if they also serve our financial interests. You bear the burden of proving any failure to exercise Business Judgment, and mere economic benefit to us does not constitute such failure.

**19.6 Survival**

The terms of this Article 19, including the arbitration provision of Section 19.3, will survive the termination expiration, or non-renewal of this Agreement.

## 20. VENUE, WAIVER OF RIGHT TO TRIAL BY JURY, CLASS ACTION WAIVER, LIMITATION OF DAMAGES, LIMITATION OF ACTIONS

**20.1 Venue, Waiver of Right to Trial by Jury, Class Action Waiver, Limitation of Damages**

You acknowledge that we operate a nationwide franchise system, with franchisees located in various states and localities. Given that our primary books, records, and business personnel are located in California, and to minimize disruption to the EQMS, you and we agree as follows:

(a) ALL COURT PROCEEDINGS ARISING FROM OR RELATING TO ANY DISPUTE BETWEEN YOU AND US OR ANY OF OUR AFFILIATES SHALL BE BROUGHT EXCLUSIVELY IN THE

COURTS OF CALIFORNIA.

(b) PUNITIVE OR EXEMPLARY DAMAGES SHALL NOT BE AWARDED TO EITHER PARTY OR THEIR AFFILIATES IN ANY PROCEEDING, AND ALL CLAIMS FOR SUCH DAMAGES ARE HEREBY WAIVED.

(c) ALL DISPUTES SUBJECT TO ARBITRATION SHALL BE RESOLVED IN A NON-JUDICIAL FORUM, AND BOTH PARTIES WAIVE THEIR RIGHT TO TRIAL BY JURY FOR SUCH DISPUTES.

(d) PARTIES RECOGNIZE THAT THEIR RELATIONSHIP IS UNIQUE AND EACH FRANCHISEE'S SITUATION DIFFERS FROM OTHERS. THEREFORE, NO SINGLE FRANCHISEE CAN ADEQUATELY REPRESENT THE INTERESTS OF ALL. THE PARTIES AGREE THAT ANY ARBITRATION, LAWSUIT, OR OTHER LEGAL PROCEEDING SHALL BE CONDUCTED AND RESOLVED ON AN INDIVIDUAL BASIS ONLY, AND NOT AS A CLASS ACTION, MULTIPLE-PLAINTIFF, CONSOLIDATED OR SIMILAR PROCEEDING. YOU EXPLICITLY AND UNEQUIVOCALLY WAIVE ANY RIGHT TO JOIN A CLASS ACTION, ACT IN ANY ARBITRATION, OR SERVE IN THE PUBLIC INTEREST OR PRIVATE ATTORNEY GENERAL CAPACITY RELATED TO THIS AGREEMENT.

### 20.2 Limitation of Actions

You agree that no action or proceeding may be initiated by either party to enforce any liability or obligation arising from this Agreement or otherwise, unless a Notification of Dispute, as required under Section 19.1 of this Agreement, has been properly delivered and the proceeding is commenced before the expiration of the earliest of the following:

(a) Sixty (60) days after the mediation period specified in Section 19.1, if applicable;

(b) One (1) year after the date the facts giving rise to the alleged liability or obligation were discovered; or

(c) Two (2) years after the date of the first act or omission that gave rise to the alleged liability or obligation.

The above limitation periods shall not apply to:

(a) claims by E-PLEX for monies due, including those discovered through audit; or

(b) disputes related to:

(i) your use of the Marks, or any other mark in which we or any of our Affiliates have an interest;

(ii) violations of obligations under Section 6 of this Agreement; or

(iii) infringements on E-PLEX's intellectual property rights or those of its affiliates.

Where state or federal law mandates a shorter limitation period, that shorter period will apply in place of the time frames specified above.

## 21. LEGAL FEES

In any legal action or proceeding between you and E-PLEX to enforce or prevent a breach of this Agreement, whether through judicial action, arbitration, or other means, each party shall bear its own legal costs, including attorney’s fees. However, in actions related to the collection of monies due, the enforcement of indemnifications, or the protection and enforcement of the Marks, the prevailing party shall be entitled to recover its legal fees and expenses, including but not limited to attorney’s fees and arbitrator’s fees, from the other party.

## 22. MISCELLANEOUS

### 22.1 Notices

(a) All notices, requests, consents, claims, demands, waivers and other communications hereunder shall be in writing and shall be deemed to have been given:

(i) When delivered by hand (with written confirmation of receipt);

(ii) When received by the addressee if sent by a nationally recognized overnight courier (receipt requested);

(iii) On the date sent by facsimile or e-mail of a PDF document if sent during normal business hours of the recipient and on the next business day if sent after normal business hours of the recipient; or

(iv) On the second (2nd) day after the date mailed by certified or registered mail, return receipt requested, postage prepaid.

Such communications must be sent to the respective parties at the following addresses:

(1) If to us, to:

**E-PLEX (FC & COMPANY, LLC)**

6940 BEACH BLVD, #D-212

BUENA PARK, CA 90621

Email: james.eplex@gmail.com

(2) If to you, to:

______________________________
______________________________
______________________________
Email:

(b) The addresses herein given for notices may be changed at any time by either party by written notice given to other party as herein provided.

**22.2 <u>Construction and Severability</u>**

The language of this Agreement will be construed according to its fair and plain meaning, without strictly favoring either party. Terms like "includes" or "including" should be interpreted broadly, without limiting the generality of the preceding words or phrases. Each provision of this Agreement is severable and independent from the others. If any provision is found to be unenforceable or invalid, it will not affect the validity or enforceability of the remaining provision.

**22.3 <u>Governing Law</u>**

All disputes arising under this Agreement or from any other aspect of our relationship shall be governed by and determined in accordance with the substantive laws of the State of California.

**22.4 <u>Franchisee Acknowledgements and Representations and Warranties</u>**

You represent and warrant to E-PLEX as follows:

(a) Authorization and no conflicts:

(i) if you are an entity, you are duly organized or formed and validly existing in good standing under the laws of the jurisdiction of your incorporation or formation, are qualified to do business in all jurisdictions in which you are required to qualify and have the authority to execute, deliver and carry out all of the terms of this Agreement;

(ii) you have the power to enter into this Agreement, you have obtained all necessary approvals to do so, and that entering into this Agreement will not cause you to breach any of your entity's organizational documents or any contractual obligations with any third party;

(iii) you are not presently insolvent within the meaning of the term "insolvent" as defined under the Federal Bankruptcy Act; and

(iv) you have received independent legal advice from attorneys of your own choice with respect to the advisability of entering into this Agreement.

(b) Furnishing of the FDD: You acknowledge that we provided you with a copy of the FDD at least fourteen (14) complete calendar days before you signed this Agreement and that we provided you with this Agreement containing all material terms at least seven (7) days before you signed this Agreement. You acknowledge that the FDD provided by E-PLEX is current as of the Effective Date, and we did not furnish you with any oral or written information concerning actual or potential sales, costs, income or profits of a E-PLEX franchise before you signed this Agreement.

(c) Competence and Qualifications: You represent and warrant to us that you and your Principals are fully competent and qualified to own a business in the child education industry and that neither you your Center Director, nor any of your Principals or employees has ever been accused of or convicted of a crime against a child or any form of physical violence or sexual assault against any person.

(d) General Acknowledgement:

You acknowledge and agree that:

(i) no oral, written visual or other promises agreements commitments representations, understandings side agreements, options, rights-of-first-refusal or otherwise have been made to you with respect to any matter (including but not limited to advertising, marketing, site location, operational, marketing or administrative assistance, exclusive rights or exclusive or protected territory or otherwise) nor have you relied in any way on same;

(ii) no oral written, visual or other promises agreements, commitments representation understandings "side agreements" or otherwise which expanded upon or were inconsistent with the FDD or this Agreement were made to you by any person or entity, nor have you relied in any way on same;

(iii) the individuals signing for you constitute all of the executives, officers, partners shareholders, investors and/or principals of the Franchisee. Each of such individuals has reviewed the FDD and all exhibits and carefully read, discussed understands and agrees to this Agreement and its exhibits, including personal guaranties;

(iv) you have had an opportunity to consult with an independent professional advisor such as an attorney or accountant prior to signing any binding documents or paying any sums;

(v) you have also been strongly advised by E-PLEX to discuss your proposed purchase of a E-PLEX franchise with any existing E-PLEX franchisees prior to signing any binding documents or paying any sums and E-PLEX has supplied you with a list of all existing franchisees; and

(vi) You understand that entering into any business venture involves some risk of loss or failure, that the purchase of a franchise is a speculative investment, that additional investment beyond what is outlined in the FDD may be required, and that there is no guarantee of success. The most important factors in the success of your Center include your personal business skills, such as marketing, sales, management, sound judgment, and hard work.

**22.5 Waiver**

No course of dealing between you and us will serve as a waiver of any rights, powers, or remedies conferred by this Agreement or by any statute or law, present or future.

**22.6 Entire Agreement**

This Agreement contains all terms and conditions agreed upon by the parties with respect to its subject matter, superseding all prior agreements and understandings. However, nothing in this Agreement is intended to disclaim the representations made in the FDD. No other agreements, oral or otherwise, will be deemed to exist or bind the parties .

**22.7 Amendments**

This Agreement may only be modified or amended through a written agreement executed by both parties. However, the Franchisor may unilaterally modify the Manual. No course of dealing or conduct will amend or modify this Agreement or change any performance standard .

**22.8 Survival of Representations**

All statements herein or in any certificate, agreement, instrument or other document delivered by or on behalf of any party pursuant hereto or in connection with the transactions contemplated hereby constitute representations, warranties, stipulations, covenants and agreements made by such party and shall survive the execution of this Agreement and the consummation of the transactions contemplated hereby.

**22.9 Counterparts**

This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, and all of which together shall constitute one and the same instrument.

**22.10 Force majeure**

Neither party shall be liable for any failure or delay in performing its obligations under this Agreement if such failure or delay is due to causes beyond its reasonable control, including but not limited to acts of God, war, terrorism, strikes, labor disputes, natural disasters, or governmental restrictions. The time for performance of such obligations shall be extended for the duration of the Force Majeure event.

*[Signature Page Follows]*

IN WITNESS WHEREOF the parties hereto have caused this Agreement to be executed and accepted as of the Effective Date.

**E-PLEX**

**FC & COMPANY LLC**

By ___________________________

Name:

Title:

Date:

**FRANCHISEE**

By ___________________________

Name:

Signatory's Title:

Date:

List of Attachments to this Franchise Agreement:

1. Attachment 1 – Territory
2. Attachment 2 – Form of General Release
3. Attachment 3 – Schedule of Owners, Officers, and Managers
4. Attachment 4 – Guaranty and Assumption of Obligations
5. Attachment 5 – Conditional Assignment of Telephone and Directory Listings

**ATTACHMENT 1 – TERRITORY**

INSERT MAP HERE

**ATTACHMENT 2 – FORM OF GENERAL RELEASE**

E-PLEX CENTER LOCATION: [INSERT LOCATION NAME]

The individuals or entities that have signed this general release (the "Release") agree as follows:

1. As required by the original E-PLEX Franchise Agreement (the "Franchise Agreement") for the E-PLEX center identified above (the "Center") and in consideration for E-PLEX's willingness to extend our rights to operate a E-PLEX center we hereby release FC & COMPANY, LLC ("E-PLEX") and Related Parties (as defined below) from any and all claims demands actions causes of action, debts obligations, and liabilities whether known or unknown vested or contingent (collectively "Claims") arising out of or related to the Franchise Agreement or the Center identified above. We acknowledge that E-PLEX is not required to give us, and is not giving us, a reciprocal release.
2. We give this Release on behalf of ourselves our heirs executors administrators successors and assigns, and any other person claiming through or under us. The "Related Parties" covered by this Release include all affiliates of E-PLEX and all of E-PLEX's (and affiliates) past and present officers, directors, shareholders, agents, accountants, lawyers, contractors and employees.
3. This Release applies to any transaction, event, or circumstance relating to the Franchise Agreement or the Center on or before the date of this Release. This Release does not apply to Claims that we may have in the future based on events occurring after the date of this Release Franchisee hereby expressly waives any and all rights conferred upon Franchisee by any statute or rule of law which provides that a release does not extend to claims which the claimant does not know or suspect to exist in its favor at the time of executing the release which if known by it might have materially affected its settlement with the released party including without limitation provisions of the California Civil Code Section 1542.
4. We understand that we may be wrong about facts that we know or believe to be true at the time of signing this Release. We accept and assume the risk of the facts turning out to be different and we agree that this Release will not be subject to termination or rescission by virtue of any such difference in facts.
5. We each represent that we have not assigned to any person or entity any Claim covered by this Release. We acknowledge that this Release will be a complete defense to any Claim that it covers, and each of us consents to the entry of a temporary or permanent injunction to prevent or end the assertion of any such Claim.

**PRINTED NAME OF ENTITY OR INDIVIDUAL: [INSERT NAME]**

By: ___________________________________

Date: ___________________________________

**TO BE SIGNED BY ALL PERSONS WHO HAVE AN OWNERSHIP INTEREST IN THE ENTITY THAT IS THE FRANCHISEE.**

**ATTACHMENT 3 – SCHEDULE OF OWNERS, OFFICERS, AND MANAGERS**

(1) If Franchisee is a corporation or partnership or other entity there is set forth below the name address title and percentage ownership of each shareholder partner or member of Franchisee.

| NAME | ADDRESS | TITLE | OWNERSHIP (%) |
|---|---|---|---|
| | | | |
| | | | |
| | | | |

(2) If Franchisee is a corporation or limited liability company there is set forth below the name address and title of each officer and director or manager of Franchisee.

| NAME | ADDRESS | TITLE |
|---|---|---|
| | | |
| | | |
| | | |

(3) The address where Franchisee's records are maintained is:

(4) There is set forth below the name, address and title of each of Franchisees principal officers or partners who will be devoting their full time efforts to the operation of the licensed business

| NAME | ADDRESS | TITLE |
|---|---|---|
| | | |
| | | |
| | | |

By: ______________________________

Name: ______________________________

Title: ______________________________

Date: ______________________________

**ATTACHMENT 4 – GUARANTY AND ASSUMPTION OF OBLIGATIONS**

THIS GUARANTY is effective as of [MM/DD/YYYY] (the “Effective Date”), by [GURATOR NAME] (jointly and severally “Guarantor”) in favor of FC & COMPANY, LLC, a California limited liability company (“E-PLEX”) and is entered into in consideration of a franchise agreement for the operation of a E-PLEX Center located at [LOCATION NAME] (the “Franchise Agreement”) with [FRANCHISEE NAME] (“Franchisee”) as follows:

1. Guarantor unconditionally guarantees to E-PLEX the full payment of all monies owed and the full performance of Franchisee's obligations under the Franchise Agreement and any undertakings or agreements entered in connection therewith, as the same may be modified renewed or amended from time to time and the costs (including attorney's fees) incurred by E-PLEX to collect and enforce them under such agreement or hereunder (the "Obligations").

2. Guarantor agrees that Guarantor's liability hereunder shall not be released, reduced or in any way affected by (a) the taking of any other guaranty for the Obligations (b) any release, waiver, exchange, substitution, subordination or other modification of any guaranty relating to the Obligations, (c) any partial release of Guarantors liability hereunder or under any other instrument held as security for the Obligations or (d) any assignment by E-PLEX in whole or in part of this Guaranty. In addition, if and to the extent that E-PLEX is required in connection with any bankruptcy proceeding affecting Franchisee to return any amounts paid to E-PLEX by Franchisee. Guarantor guarantees repayment to E-PLEX of any amounts required to be returned.

3. Guarantor waives (a) presentment demand protest and notice of any kind, (b) all statutes of limitations as a defense to any action brought against Guarantor by E-PLEX to the fullest extent permitted by law (c) any defense based upon any legal disability of Franchisee or any discharge or limitation of the liability of Franchisee to E-PLEX, whether consensual or arising by operation of law or any bankruptcy, insolvency or debtor-relief proceeding, or from any other cause, and (d) all rights of subrogation, all rights to enforce any remedy that E-PLEX may have against Franchisee and all rights to participate in any security held by E-PLEX for the Obligations, until the Obligations have been paid and performed in full. E-PLEX may bring an action against Guarantor in his capacity as guarantor without first proceeding against Franchisee or any other person or security held by E-PLEX and without pursuing any other remedy. Upon a default by Franchisee E-PLEX may nonjudicially or judicially foreclose against any real or personal property security it holds for the Obligations or exercise any other remedy against Franchisee.

4. Any indebtedness of Franchisee now or hereafter held by Guarantor is hereby subordinated to the Obligations. No delay or failure by E-PLEX to exercise any right or remedy against Franchisee or Guarantor shall be construed as a waiver of such right or remedy. All remedies of E-PLEX against Franchisee and Guarantor are cumulative.

5. If any provision of this Guaranty is held to be unenforceable, such unenforceability will not affect any other provisions hereof. The provisions of this Guaranty shall benefit and bind Guarantor and E-PLEX and their respective heirs, administrators, legal representatives, successors, and permitted assigns. This Guaranty shall be governed by the laws of the State of California and may be amended only by a written instrument signed by Guarantor and E-PLEX.

By: ______________________________

Name: ______________________________

Address: ______________________________

**ATTACHMENT 5 – CONDITIONAL ASSIGNMENT OF TELEPHONE AND DIRECTORY LISTINGS**

In consideration of FC & COMPANY, LLC (“Assignee”) concurrently granting a E-PLEX franchise (“Franchised Business”) to [FRANCHISEE NAME] (“Assignor”) and other valuable consideration, Assignor assigns to Assignee all telephone numbers directory listings, fax numbers, e-mail addresses, Internet website addresses and domain names, and other listings whether in electronic or other media used or to be used by Assignor in the operation of the Franchised Business.

This assignment will take effect on [MM/DD/YYYY] (the “effective date”). Assignee assumes the performance of all of the terms, covenants and conditions of the telephone or directory company with respect to these listings with the same force and effect as if they had been originally issued to Assignee.

This Assignment is valid on the date signed and is irrevocable. Assignee has the right to fill in add or change the effective date and the listings at any time. The telephone or directory company is authorized to rely on this Assignment. The parties will hold harmless and indemnify the telephone or directory company from any claims based on reliance on this Assignment.

**ASSIGNOR (to be signed by all persons who have an ownership interest in the franchise or in the entity that is the franchisee)**

By: ______________________________

Name: ______________________________

Date: ______________________________

**ASSIGNEE (FC & COMPANY LLC)**

By: ______________________________

Name: ______________________________

Title: ______________________________

Date: ______________________________

**EXHIBIT B. UNAUDITED OPENING BALANCE SHEET**

# FC & COMPANY, LLC

## BALANCE SHEET

## August 31, 2024

| | | |
|---|---|---|
| **ASSETS** | | |
| **Current Assets** | | |
| Cash In bank | $ | 202,500 |
| Total Current Assets | | 202,500 |
| **TOTAL ASSETS** | $ | 202,500 |
| **LIABILITIES AND STOCKHOLDER'S EQUITY** | | |
| **Current Liabilities** | | |
| Accounts payable and accrued liabilities | $ | 1,000 |
| State income tax payables | | 800 |
| Total Current Liabilities | | 1,800 |
| Total liabilities | | 1,800 |
| **MEMBER'S EQUITY** | | 200,700 |
| **TOTAL LIABILITIES AND MEMBER'S EQUITY** | $ | 202,500 |

# EXHIBIT C. STATE ADMINISTRATORS/AGENTS FOR SERVICE OF PROCESS

| State | State Administrator | Agent for Service of Process |
|---|---|---|
| California | Commissioner<br>Department of Financial Protection and Innovation<br>320 West Fourth Street, Suite 750<br>Los Angeles, California 90013-2344<br>(213) 576-7500<br>Toll Free: (866) 275-2677<br>www.dfpi.ca.gov<br>Ask.DFPI@difpi.ca.gov | Commissioner of Department of Financial Protection & Innovation<br>(866) 275-2677 |
| Hawaii | Business Registration Division<br>Department of Commerce and Consumer Affairs<br>335 Merchant Street, Room 203<br>Honolulu, Hawaii 96813<br>(808) 586-2722 | Commissioner of Securities<br>Department of Commerce & Consumer Affairs<br>335 Merchant Street, Room 203<br>Honolulu, HI 96813 |
| Illinois | Franchise Bureau<br>Office of Attorney General<br>500 South Second Street<br>Springfield, Illinois 62706<br>(217) 782-4465 | Same |
| Indiana | Indiana Securities Division<br>Secretary of State<br>Franchise Section<br>Room E-111<br>302 W. Washington Street<br>Indianapolis, Indiana 46204<br>(317) 232-6681 | Indiana Secretary of State<br>201 State House<br>200 West Washington Street<br>Indianapolis, Indiana 46204 |
| Maryland | Office of Attorney General<br>Securities Division<br>200 St. Paul Place<br>Baltimore, Maryland 21202<br>(410) 576-6360 | Maryland Securities Commissioner<br>Office of the Attorney General<br>Securities Division<br>200 St. Paul Place<br>Baltimore, Maryland 21202-2021 |
| Michigan | Michigan Department of Attorney General<br>Consumer Protection Division<br>Franchise Unit<br>525 West Ottawa Street<br>G. Mennen Williams Building, 1st Floor<br>Lansing, Michigan 48909<br>(517) 373-7117 | Same |
| Minnesota | Department of Commerce<br>85 7th Place East, Suite 280<br>St. Paul, Minnesota 55101-2198<br>(651) 296-4026 | Minnesota Department of Commerce<br>Commissioner of Commerce<br>85 7th Place East, Suite 280<br>St. Paul, Minnesota 55101-2198<br>(651) 539-1600<br>(800) 657-3602 |

| | | |
|---|---|---|
| New York | NYS Department of Law<br>Investor Protection Bureau<br>28 Liberty St., 21st Fl.<br>New York, New York 10005<br>(212) 416-8222 | New York Secretary of State<br>99 Washington Avenue<br>Albany, NY 12231<br>(518)-473-2492 |
| North Dakota | North Dakota Securities Department<br>600 East Boulevard Avenue<br>State Capitol - 5th Floor Dept. 414<br>Bismarck, North Dakota 58505-0510<br>(701) 328-4712 | Securities Commissioner<br>600 East Boulevard Avenue<br>State Capitol, Fifth Floor Dept. 414<br>Bismarck, North Dakota 58505-0510<br>(701) 328-4712 |
| Oregon | Oregon Division of Financial Regulation<br>350 Winter Street NE, Suite 410<br>Salem, Oregon 97301<br>(503) 378-4140 | Same |
| Rhode Island | Department of Business Regulation<br>Bldg 69, First Floor<br>John O Pastore Center<br>1511 Pontiac Avenue<br>Cranston, RI 02920<br>(401) 222-3048 | Same |
| South Dakota | Division of Insurance<br>Securities Regulation<br>124 S. Euclid, Suite 104<br>Pierre, SD 57501<br>(605) 773-3563 | Same |
| Virginia | State Corporation Commission<br>Division of Securities and Retail Franchising<br>1300 East Main Street, 9th Floor<br>Richmond, Virginia 23219<br>(804) 371-9051 | Clerk, State Corporation Commission<br>Division of Securities and Retail Franchising<br>1300 East Main Street, 1st Floor<br>Richmond, Virginia 23219 |
| Washington | Department of Financial Institutions<br>Securities Division<br>P.O. Box 41200<br>Olympia, WA 98504-1200<br>(360) 902-8700 | Director, Department of Financial Institutions<br>Securities Division<br>150 Israel Road S.W.<br>Tumwater, Washington 98501<br>(877) 746-4334 |
| Wisconsin | Division of Securities<br>Department of Financial Institutions<br>4822 Madison Yards Way, North Tower<br>Madison, Wisconsin 53705<br>(608) 266-0448 | Administrator, Division of Securities<br>Department of Financial Institutions<br>4822 Madison Yards Way, North Tower<br>Madison, Wisconsin 53705<br>(608) 266-2139 |

**EXHIBIT D. STATE ADDENDA**

THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT.

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 SOLICIATION OF A PROPOSED MATERIAL MODIFICATION OF AN EXISTING FRANCHISE.

OUR WEBSITE, e-plex.net, HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT WWW.DFPI.CA.GOV.

Neither E-PLEX nor any person listed in Item 2 of the Disclosure Document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such persons from membership in such association or exchange.

California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination or non-renewal of a franchise. If the franchise agreement contains a provision that is inconsistent with the law, the law will control.

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

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

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

The franchise agreement requires binding arbitration. The arbitration will occur at the American Arbitration Association (AAA) in Los Angeles County, with the costs being borne by both parties as determined by the AAA Arbitration Rules.

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 restricting venue to a forum outside the State of California.

The franchise agreement specifies that the laws of the State of California will govern all disputes arising under this Agreement or from any other aspect of the franchisor-franchisee relationship.

The Franchise Agreement contains a provision requiring you to agree to waive your right to punitive or exemplary damages against the franchisor or any of its representatives, limiting your recovery to actual damages. Under California Corporations Code section 31512, this provision is not enforceable in California for any claims you may have under the California Franchise Investment Law.

The Franchise Agreement contains a limitation on the time you have to bring certain claims against the franchisor. Under California Corporations Code section 31512, this provision is not enforceable in California for any claims you may have under the California Franchise Investment Law.

You must sign a general release if you renew your franchise. California Corporation Code 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code 31000 through 31516). Business and Professions Code 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code 20000 through 20043).

Before the franchisor can ask you to materially modify your existing franchise agreement, Section 31125 of the California Corporations Code requires the franchisor to file a material modification application with the Department that includes a disclosure document showing the existing terms and the proposed new terms of your franchise agreement. Once the application is registered, the franchisor must provide you with the disclosure document with an explanation that the changes are voluntary.

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

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

**EXHIBIT E. TABLE OF CONTENTS OF OPERATIONS MANUAL**


1. Company Introduction 3
2. Franchise Enrollment Process 7
3. Education Programs 22
4. Teacher and Staff Management 28
5. Operational Procedures 33
6. Marketing and Promotion 68
7. Quality Management and Feedback 74
8. Financial and Operational Management 76

## EXHIBIT F. STATE EFFECTIVE DATES

The following states 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 Franchise Disclosure Document is registered, on file or exempt from registration in the following states having franchise registration and disclosure laws, with the following effective dates:

| STATE | EFFECTIVEDATE |
|---|---|
| California | Pending |
| Hawaii | |
| Illinois | |
| Indiana | |
| Maryland | |
| Michigan | |
| Minnesota | |
| New York | |
| North Dakota | |
| Rhode Island | |
| South Dakota | |
| Virginia | |
| Washington | |
| Wisconsin | |

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

# RECEIPT

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

If E-PLEX offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

If E-PLEX does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and any applicable state agency listed in Exhibit C.

The franchisor is FC & COMPANY, LLC, located at 6940 BEACH BLVD #D-212, BUENA PARK, CA 90621. Its telephone number is (714) 585-8670.

Issuance date: September 6, 2024

The name, principal business address, and telephone number of the franchise seller(s) offering the franchise are:

| Name | Principal Business Address | Telephone Number |
|---|---|---|
| James Lee | 6940 Beach Blvd #D-212, Buena Park, CA 90621 | (714) 585-8670 |

We authorize the respective state agencies identified on Exhibit C to receive service of process for us in the particular state. I have received a Disclosure Document dated September 6, 2024 that included the following Exhibits:

| | |
|---|---|
| A. Franchise Agreement and Attachments 1-5 | D. State Addenda |
| B. Unaudited Opening Balance Sheet | E. Table of Contents of Operations Manual |
| C. State Administrators/Agents for Service of Process | F. State Effective Dates |

Date: ______________________________

Signature: ______________________________

Print Name: ______________________________

Please sign this copy of the receipt, date your signature and return to FC & COMPANY, LLC, located at 6940 BEACH BLVD #D-212, BUENA PARK, CA 90621, (714) 585-8670.

# RECEIPT

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