

THE FRANCHISE RELATIONSHIP		
Provision	Section in Franchise Agreement	Summary
(m) Conditions for our approval of transfer	Section 20.2	Transferee must: meet our qualifications; successfully complete training (or commit to do so); obtain all required licenses and permits; and sign a new franchise agreement for the remainder of the term (or at our option, take assignment of existing franchise agreement). You must: be in compliance with Franchise Agreement; pay us the transfer fee; and sign a general release (subject to state law) and subordination agreement. We must notify you that we do not intend to exercise our right of first refusal.
(n) Our right of first refusal to acquire your business	Section 20.5	We can match any offer.
(o) Our option to purchase your business	Section 22.2	We have an option on termination or expiration of your Franchise Agreement to purchase the assets of your Business.
(p) Your death or disability	Section 20.4	Within 180 days, franchise must be assigned by estate to an assignee in compliance with conditions for other transfers. We may designate manager to operate the Business prior to transfer.
(q) Non-competition covenants during the term of the franchise	Sections 15.2 & 15.3	No involvement in competing business; comply with non-solicitation and non-disclosure covenants.
(r) Non-competition covenants after the franchise is terminated or expires	Sections 15.2, 15.4 & 22.1	For 2 years after termination or expiration of your Franchise Agreement, you may not have any direct or indirect interest in any competing business within your territory or the territory of any other Apex franchisee; comply with non-solicitation and non-disclosure covenants; cease use of intellectual property.
(s) Modification of the agreement	Sections 25.3 & 25.8	Requires writing signed by both parties (except for unilateral changes to Manual or unilateral reduction of scope of restrictive covenants by us). Other modifications primarily to comply with various states laws.
(t) Integration/ merger clause	Section 25.8	Only the terms of the Franchise Agreement are binding (subject to state law). Any representations or promises made outside the Disclosure Document and Franchise Agreement may not be enforceable. Nothing in the Franchise Agreement or any related agreements is intended to disclaim any of the representations we made in this Disclosure Document.
(u) Dispute resolution by arbitration or mediation	Section 23	All disputes must be mediated or arbitrated before litigation, except for certain disputes involving our intellectual property or compliance with restrictive covenants (except as otherwise disclosed in <u>EXHIBIT "H"</u> to this Disclosure Document).
(v) Choice of forum	Section 23	All mediation, arbitration and litigation must take place in the county where we maintain our principal place of business (currently, Harris County, Texas) at time dispute arises (except as otherwise disclosed in <u>EXHIBIT "H"</u> to this Disclosure Document) (applicable to state law).
(w) Choice of law	Section 25.1	Texas law applies (except as otherwise disclosed in <u>EXHIBIT "H"</u> to this Disclosure Document) (applicable to state law).

ITEM 18 PUBLIC FIGURES

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

ITEM 19 FINANCIAL PERFORMANCE REPRESENTATIONS

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

and if the information is included in the Disclosure Document. Financial performance information that differs from that included in Item 19 may be given only if: (1) a franchisor provides the actual records of an existing outlet you are considering buying; or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

Overview

As of June 30, 2024, we had a total of 48 franchisees in operation (these franchisees operated a total of 108 territories). The financial performance representations below contain data for all Apex franchised businesses that provided financials to Apex and who were open and fully operating at least 12 months as of June 30, 2024, which consists of 31 franchisees. These 31 franchised businesses operated in a total of 78 territories.

Excluded from this Item 19 are 17 franchisees operating in 30 territories because they either (i) have been operating for less than one year (10 territories), or (ii) did not provide financials (20 territories). No corporate owned or unopened franchise outlets are included in the analysis. Also excluded from this Item 19 are the 7 territories that ceased operating in the fiscal year ended June 30, 2024 (one (1) of which was open for less than 12 months).

This Item 19 is separated into three sections. The first section reflects financial performance representations for all 31 franchisees operating in 78 territories. The second section reflects financial performance representations for the 21 franchisees operating in 68 territories that operate in multiple territories. The third section reflects financial performance representations for 10 single-territory franchisees operating in 10 territories.

The financial performance representations below include the following historical information pertaining to certain franchised Apex businesses:

- i. Territories: “Territories” refers to the number of Territories that each respective Franchisee operates in.
- ii. Gross Fundraising: “Total Fundraising” refers to the total amount of funds raised by the schools, sports teams, clubs or groups from the Apex program, including amounts retained by the schools, sports teams, clubs or groups and amounts paid to the Apex business; and
- iii. Gross Revenues: “Gross Revenues” refers to the gross amount of all of sales or other income from in connection with the operation of the franchised business. Gross Revenues includes amounts they received from the sale of goods and merchandise, promotional or otherwise, and for services performed by their Apex team, together with the amount of all fundraising receipts that are paid to them, and any business interruption insurance they received. Gross Revenues does not include any amount of sales tax collected and paid, refunds, allowances, or discounts, or fundraising receipts that are retained by the schools.
- iv. Profit (\$): “Profit (\$)” refers to Gross Revenue minus “Expenses” and before interest, taxes, depreciation, amortization, and owner’s compensation. “Expenses” for purposes of this Item 19 includes “Labor”, “Prizes”, “Overhead”, and “Royalties.”
 - a. Labor costs includes the cost of labor for event execution (team leaders and members) as well as all supporting administrative salaries, but excludes owner’s compensation.
 - b. Prize costs include event rewards (earned by students and teachers based on participation) as well as miscellaneous supplies used in event execution.

- c. Overhead captures all back-office and administrative costs, but excludes expenses relating to the franchisee's entity type and financing structure, as well as non-cash expenses (interest, taxes, depreciation and amortization).
- d. Royalties are the royalty fees that each franchised business paid during the fiscal year ended June 30, 2024.
- v. Profit (%): "Profit (%)" refers to Profit (\$) as a percentage of Gross Revenue.
- vi. Top Quartile and Bottom Quartile: The top quartile and bottom quartiles are based on Profit (\$).

Section I. The below tables reflect summary results for 31 franchisees covering 78 territories as described above.

A. Consolidated Table of Summary Financial Results for the Fiscal Year Ended June 30, 2024

	Mean (31 franchisees)	Median (31 franchisees)	Maximum	Top Quartile (8 franchisees)	Bottom Quartile (8 franchisees)	Minimum
Territories	2.5	2.0	10.0	4.9	1.4	1.0
Gross Fundraise	\$1,747,152.32	\$1,166,470.04	\$6,776,597.67	\$3,969,858.80	\$404,153.61	\$196,603.24
Gross Revenue	\$759,317.01	\$472,643.91	\$2,758,376.90	\$1,708,580.37	\$167,345.53	\$93,459.57
Profit (\$)	\$133,130.13	\$81,483.85	\$718,896.88	\$308,019.90	\$26,193.04	\$ (43,438.05)
Profit (%)	15.9%	16.7%	32.3%	16.5%	13.9%	(31.9%)

B. Count of Franchisees at or Above the Consolidated Average, Fiscal Year Ended June 30, 2024

	Average		Top Quartile		Bottom Quartile	
	Count	%	Count	%	Count	%
Territories	9	29.0%	3	37.5%	3	37.5%
Gross Fundraise	11	35.5%	4	50.0%	3	37.5%
Gross Revenue	11	35.5%	5	62.5%	3	37.5%
Profit (\$)	10	32.3%	4	50.0%	4	50.0%
Profit (%)	16	51.6%	4	50.0%	5	62.5%

Section II. The below tables reflect summary results for 21 multi-territory franchise owners (68 territories)

C. Summary Financial Results for Multi-Territory Owners, Fiscal Year Ended June 30, 2024

	Mean (21 franchisees)	Median (21 franchisees)	Maximum	Top Quartile (5 franchisees)	Bottom Quartile (5 franchisees)	Minimum
Territories	3.2	2.0	10.0	4.6	2.0	2.0
Gross Fundraise	\$2,203,417.80	\$1,451,402.24	\$6,776,597.67	\$4,895,113.93	\$604,508.50	\$307,841.31
Gross Revenue	\$957,167.41	\$629,784.22	\$2,758,376.90	\$2,047,789.92	\$265,545.09	\$136,263.81
Profit (\$)	\$162,075.17	\$97,393.48	\$718,896.88	\$418,838.45	\$20,086.15	\$ (43,438.05)
Profit (%)	13.6%	15.3%	32.3%	19.9%	5.0%	(31.9%)

D. Count of Franchisees at or Above the Multi-Territory Average, Fiscal Year Ended June 30, 2024

	Average		Top Quartile		Bottom Quartile	
	Count	%	Count	%	Count	%
Territories	5	23.8%	2	40.0%	5	100.0%
Gross Fundraise	9	42.9%	2	40.0%	2	40.0%
Gross Revenue	9	42.9%	2	40.0%	2	40.0%
Profit (\$)	7	33.3%	1	20.0%	3	60.0%
Profit (%)	13	61.9%	3	60.0%	3	60.0%

Of the 21 franchisees that operate in multiple territories: (i) 12 franchisees operate in 2 territories; (ii) 4 operate in 3 territories; (iii) 2 operate in 4 territories; 1 operates in 6 territories; (iv) 1 operates in 8 territories; (v) and 1 operates in 10 territories.

Section III. The below table reflects summary results for 10 single-territory franchise owners (10 territories)

E. Summary Financial Results for Single-Territory Owners, Fiscal Year Ended June 30, 2024

	Mean (10 franchisees)	Median (10 franchisees)	Maximum	Top Quartile (3 franchisees)	Bottom Quartile (3 franchisees)	Minimum
Territories	1.0	1.0	1.0	1.0	1.0	1.0
Gross Fundraise	\$788,994.81	\$745,158.44	\$2,029,408.68	\$1,447,667.98	\$268,034.27	\$196,603.24
Gross Revenue	\$343,831.17	\$309,958.88	\$896,666.80	\$646,827.29	\$121,051.40	\$93,459.57
Profit (\$)	\$72,345.56	\$55,044.23	\$180,473.87	\$125,541.59	\$21,204.52	\$6,338.15
Profit (%)	21.0%	21.0%	29.7%	18.6%	16.7%	6.8%

F. Count of Franchisees at or Above the Single-Territory Average, Fiscal Year Ended June 30, 2024

	Average		Top Quartile		Bottom Quartile	
	Count	%	Count	%	Count	%
Territories	10	100.0%	3	100.0%	3	100.0%
Gross Fundraise	4	40.0%	1	33.3%	2	66.7%
Gross Revenue	4	40.0%	2	66.7%	2	66.7%
Profit (\$)	4	40.0%	2	66.7%	1	33.3%
Profit (%)	5	50.0%	2	66.7%	1	33.3%

Notes:

In making the above financial performance representation, we have relied upon financial statements prepared and sent to us by our franchisees and our affiliate. Neither we nor any independent certified public accountant has independently audited or verified the information.

Some Apex businesses have sold this amount. Your individual results may differ. There is no assurance that you will sell as much.

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

Other than the preceding financial performance representation, we do not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Jamie Krasnov at 2925 Richmond Ave. #1200, Houston, Texas 77098, 281-974-6986 or jamie@apexleadershipco.com, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20 OUTLETS AND FRANCHISEE INFORMATION

**Table 1 - System-wide Outlet Summary
For Years 2021/2022 to 2023/2024**

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2021/2022	100	104	+4
	2022/2023	104	104	0
	2023/2024	104	108	+4
Company-Owned	2021/2022	12	9	-3
	2022/2023	9	8	-1
	2023/2024	8	10	+2
Total Outlets	2021/2022	112	113	+1
	2022/2023	113	112	-1
	2023/2024	112	118	+6

**Table 2 - Transfers of Outlets from Franchisees to New Owners (Other than The Franchisor)
For Years 2021/2022 to 2023/2024**

State	Year	Number of Transfers
Minnesota	2021/2022	0
	2022/2023	0
	2023/2024	3
Minnesota	2021/2022	0
	2022/2023	4
	2023/2024	0
Ohio	2021/2022	2
	2022/2023	0
	2023/2024	0
Texas	2021/2022	0
	2022/2023	4
	2023/2024	0
Total	2021/2022	2
	2022/2023	8
	2023/2024	3