FRANCHISE DISCLOSURE DOCUMENT

XP League Franchise, LLC,
A Delaware limited liability company
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Bedford, Texas 76022
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www.xpleague.com
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The franchise described in this disclosure document is for the operation of a XP LEAGUE business providing Esports league coaching, competitions, coach-led athletics and other resources, camps, and special events modeled after traditional youth sports leagues utilizing the Esports ecosystem, to elementary and middle school aged children under the XP LEAGUE trademarks and system (each a "Division" or "XP League Division"). The franchises offered are for the operation of a single Division under a franchise agreement or for development of multiple Divisions under the development agreement.

The total investment necessary to begin operation of a XP LEAGUE mobile franchise is from $79,390 to $146,960. This includes $43,700 to $45,250 that must be paid to us as the franchisor or our affiliates. The total investment necessary to begin operation of a XP LEAGUE center is $93,190 to $170,560. This includes $45,700 to $47,250 that must be paid to us as the franchisor or our affiliates. The total investment necessary to begin operation of an affiliated division franchise is from $93,330 to $171,280. This includes $45,700 to $47,250 that must be paid to us as the franchisor or our affiliates.

We may offer to enter into an area development agreement to establish and operate up to three XP League franchises under individual franchise agreements. The total initial investment necessary under the development agreement for two to three XP League Centers ranges from $128,190 to $230,560. The total initial investment necessary under the development agreement for two to three Affiliated Divisions ranges from $128,330 to $231,280. These estimates include $77,700 to $102,250 that must be paid to the franchisor or its 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 government agency has verified the information contained in this document.**

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different forms, contact Josh Wall, Chief Growth Officer, Unleashed Services, LLC, 2350 Airport Freeway, Suite 505, Bedford, Texas 76022, 888.256.4868 or by email at josh.wall@unleashedbrands.com.

The terms of your contract will govern your franchise relationship. Do not rely on the disclosure document alone to understand your contract. Read all of your contract carefully. Show your contract and this disclosure document to an advisor, like a lawyer or an accountant.

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as "A Consumer's Guide to Buying a Franchise," which can help you 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: April 28, 2023, as amended December 5, 2023

How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit E.
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 F 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 XP League 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 XP League franchisee?	Item 20 or Exhibits E lists current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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

Special Risks to Consider About *This* Franchise

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

1. **Out-of-State Dispute Resolution**. The Franchise Agreement and Development Agreement require you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in Texas. 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 Texas than in your own state.
2. **Mandatory Minimum Payments**. You must make mandatory minimum royalty payments or advertising contributions regardless of your sales levels. Your inability to make these payments may result in termination of your franchise and loss of your investment.
3. **Supplier Control**. You must purchase all or nearly all of the inventory and supplies necessary to operate your business from us, our affiliates, or from suppliers that we designate at prices that we or they set. These prices may be higher than prices you could obtain elsewhere for the same or similar grounds. This may reduce the anticipated profit of your franchised business.
4. **Short Operating History**. The franchisor is at an early stage of development and has a limited operating history. This franchise is likely to be a riskier investment than a franchise in a system with a longer operating history.

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.

NOTICE REQUIRED BY THE STATE OF MICHIGAN

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

(a) A prohibition on the right of a franchisee to join an association of franchisees.

(b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.

(c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.

(d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration, of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than 5 years; and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.

(e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.

(f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.

(g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:

(i) the failure of the proposed transferee to meet the franchisor's then current reasonable qualifications or standards.

(ii) the fact that the proposed transferee is a competitor of the franchisor or subfranchisor.

(iii) the unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.

(iv) the failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.

(h) A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in subdivision (c).

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

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

Any questions regarding these Additional Disclosures shall be directed to the Department of the Attorney General, Consumer Protection Division, 670 Law Building, 525 West Ottawa Street, Lansing, Michigan 48933, 517-335-7622.

XP LEAGUE FRANCHISE, LLC
FRANCHISE DISCLOSURE DOCUMENT

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ITEM 1
THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES

To simplify language in this disclosure document, XP League Franchise, LLC, the franchisor of the XP League franchise system, is referred to as the "Franchisor," "we," "us," or "our." We refer to a person who acquires a franchise from us as "franchisee," "you" or "your." The term "Owners" or "franchise owner" refers to any individual or entity holding more than a 10% equity interest in you if you are a business entity (regardless of voting rights), and the franchisee individual(s) or entity(ies) that enter into the Franchise Agreement (defined below) if you are a business entity. It includes all officers, directors, and shareholders of a corporation, all managers and members of a limited liability company, all general and limited partners of a limited partnership, and the grantor and the trustee of the trust. If any Owner is a business entity, then the term "Owner" also includes the owners of that business entity.

THE FRANCHISOR AND ITS PARENTS, PREDECESSORS, AND AFFILIATES

We are a Delaware limited liability company formed on March 23, 2022, and our principal business address is 2350 Airport Freeway, Suite 505, Bedford, Texas 76022. We conduct business under our corporate name, and "XP League." We began offering the XP League franchises as of July 15, 2022. We do not engage in any other business activities. Our agents for service of process are identified in Exhibit A to this disclosure document.

Our predecessor is XP League, LLC, a Texas limited liability company formed on June 30, 2020, which offered franchises from September 2020 to April 2022 and had 24 franchises as of December 31, 2021. Unleashed Brands, LLC ("Unleashed Brands"), our direct parent company, formed us in order to acquire the assets of XP League, LLC on April 21, 2022, and we are the owner of certain trademarks and intellectual property associated with XP League franchises. XP League, LLC was the franchisor under any franchise agreements signed prior to April 21, 2022, and some current franchisees executed new franchise agreements with us and terminated their old franchise agreements with XP League, LLC. On December 6, 2022, XP League, LLC assigned the remaining franchise agreements to us, and we are currently the franchisor for all XP League franchisees. We also organize the annual esports tournament for teams from XP League Divisions (the "North American Finals"). Aside from the foregoing, we do not engage in any other business activities or any other type of business.

We are a subsidiary of Unleashed Brands. Unleashed Brands' parent company is Leviathan Intermediate Holdco, LLC, which is owned by UA Holdings, LLC ("UA Holdings"), which we consider our parent company. UA Holdings guarantees our performance of obligations under the Franchise Agreement and Development Agreement. Our affiliate Adventis Insurance, Inc. ("Adventis") provides our franchisees certain insurance policies. UA Holdings, Leviathan Intermediate Holdco, LLC, and Unleashed Brands share our principal business address. The principal place of business for Adventis is 18835 North Thompson Peak Parkway, Suite 210, Scottsdale, Arizona 85255.

Our affiliates Triangle XP, LLC and XP11 Entertainment, LLC operate XP League Divisions in Holly Springs, North Carolina and Franklin, Tennessee, respectively. Aside from the foregoing, Triangle XP, LLC and XP11 Entertainment, LLC do not engage in any other business activities and have never offered franchises in this or any other line of business. Triangle XP, LLC's principal business address is 146 W. Holly Springs Road, Holly Springs, NC 27540. XP11 Entertainment, LLC's principal business address is 1113 Murfreesboro Road, #410, Franklin, TN 37067.

We have never offered franchises in any other line of business. However, we have affiliates that offer franchises in other lines of business. All of the affiliates listed below have the same principal business address as us:

- UATP Management, LLC ("UATP") offers URBAN AIR ADVENTURE PARK franchises, which are venues for recreational activities, birthday parties, and other group events featuring the Adventure Park Attraction package. UATP began offering franchises in May 2013 and had 162 franchises

as of December 31, 2022. UATP Canada Franchising, Ltd., a British Columbia corporation, offers these franchises in Canada.

- Snapology, LLC ("Snapology") offers SNAPOLOGY franchises, which provide curriculum-based courses, events and hands-on learning experiences using LEGO® brand bricks, K'Nex® brand toys, and other building toys, robotics, animation, coding and engineering techniques. Snapology began offering franchises in March 2015 and had 86 franchises as of December 31, 2022. Snapology International, LLC, a Pennsylvania limited liability company, offers these franchises outside of the USA. Our affiliate Snapology IP, LLC is the owner of certain trademarks and intellectual property associated with the SNAPOLOGY franchises.

- TLGI, LLC (formerly The Little Gym International, Inc., "TLGI") offers THE LITTLE GYM franchises which provide physical fitness, recreational gymnastics, motor skills development, and other programs for children under The Little Gym name and trademarks. TLGI began offering franchises in September 1992 and had 174 franchises as of December 31, 2022.

- Premier Franchising Group, LLC ("PMA") offers PREMIER MARTIAL ARTS franchises, which are martial arts studios for self-defense and character development. PMA began offering franchises in April 2018 and had and had 243 franchises as of December 31, 2022. Our affiliate PMA IP, LLC is the owner of certain trademarks and intellectual property associated with the PREMIER MARTIAL ARTS franchises.

- Class 101 Franchise, LLC ("Class 101") offers CLASS 101 franchises, which provide advice, guidance and training to high school students and their parents in preparing for, selecting, applying to, and paying for college. On April 11, 2022, Class 101 acquired the assets of Class 101, Inc., which began offering franchising in June 2007 and had 49 franchises as of December 31, 2022. Our affiliate Class 101 Franchise IP, LLC is the owner of certain trademarks and intellectual property associated with CLASS 101 franchises.

- Unleashed Services, LLC ("Unleashed Services") is a Delaware limited liability company established on June 21, 2021. Unleashed Services offers executive management services to us, UATP, Snapology, TLGI, PMA, and Class 101, but it does not offer franchises in any line of business.

Unless you operate an Affiliated Division (defined below), you will not conduct business directly with UATP, TLGI, PMA, Snapology, or Class 101 (each an "Affiliated Brand"). Other than the above, we do not have any affiliates which offer or sell goods or services to our franchisees, and no other parent, predecessor, and affiliates offer franchises in this or any other lines of business.

THE FRANCHISE OFFERED

We franchise the operation of a XP LEAGUE business providing Esports league coaching, competitions, coach-led athletics and other resources, camps, and special events modeled after traditional youth sports leagues utilizing the Esports ecosystem, to elementary and middle school aged children under our System and Proprietary Marks (terms defined below) (the "Franchised Business").

Each XP League Division is established and operated using the format and system we developed (the "System"). Some of the features of our System include (a) design, decor, color schemes, fixtures, and furnishings; (b) standards and specifications for products, services, equipment, materials, and supplies; (c) uniform standards, specifications, and procedures for operations (the "Standards"); (d) purchasing and sourcing procedures; (e) training and assistance; and (f) marketing and promotional programs. We may periodically change and improve the System.

XP League Divisions feature and operate under the Proprietary Marks (as described below). All products and services offered for sale at an XP League Division are subject to our approval (the "Services"). You

must operate your Franchised Business in accordance with our standards and procedures, as set out in our confidential operations manuals (the "Manuals"). We will make available to you a copy of the Manuals for the duration of the Franchise Agreement. In addition, we will grant you the right to use our trademarks, including the mark "XP LEAGUE" and any other trade names and marks that we designate in writing for use with the System (the "Proprietary Marks"). We may modify the Proprietary Marks or substitute new Proprietary Marks.

We offer to enter into franchise agreements (each a "Franchise Agreement") (included as Exhibit C to this disclosure document) with qualified legal entities and persons that wish to establish and operate an XP League Franchised Business. As a franchisee, you will have the right to use our proprietary System and Manuals, and to do business under the Proprietary Marks. If you are not an individual, then you must designate one of your Owners, who must be an individual person with more than a ten percent (10%) ownership interest in the franchisee legal entity, and who must be reasonably acceptable to us, to assume the responsibilities of general oversight and management of your Franchised Business (the "Designated Manager"). You must also designate a Designated Manager (subject to our reasonable approval) to assume the full-time responsibility for daily supervision and operation of the Franchised Business.

At the time of signing the Franchise Agreement, we will designate whether your Franchised Business will be established and operated as a Mobile Division, an XP League Center, or an Affiliated Division:

(a) Mobile Division – a mobile XP League Division that offers and provides Services on a mobile basis at third-party sites ("Third Party Sites"), such as schools, community centers, shared community spaces, LAN centers, churches, libraries, and commercial locations, that are authorized by us and that are located within the franchisee's designated Protected Area (defined below, see Item 12) (a "Mobile Division"). If permitted by law, a Mobile Division may be managed from a franchisee's home (an "Office") provided that no Services are offered or provided from such home Office;

(b) XP League Center – an XP League Division that is established and operated from a permanent, retail storefront location offering and providing Services on-site at the Approved Location (defined below, see Item 11) on a full-time basis and regularly scheduled hours that we designate (an "XP League Center" or "Center"). Center franchisees may also offer Services on a mobile basis at authorized Third Party Sites located within the franchisee's designated Protected Area (defined below, see Item 12); or

(c) Affiliated Division – an XP League Division that is established and operated within a designated area on the premises of an Affiliated Brand (an "Affiliated Division"). Affiliated Division franchisees may also offer Services on a mobile basis at authorized Third Party Sites located within the franchisee's XP League Protected Area (defined below, see Item 12). We may approve only existing Affiliated Brand franchisees who already have an open Affiliated Brand franchised business, or potential franchisees who have been approved to enter into a one or more Affiliated Brand's franchise system under a separate franchise agreement but who have not yet opened their Affiliated Brand's franchised business. The offer for an Affiliated Brand's franchise is made under the respective separate franchise disclosure document, which contains the form of franchise agreement that Affiliated Brand franchisees must sign in addition to the Franchise Agreement contained within this disclosure document. If you sign an XP League Franchise Agreement, you will operate the XP League portion of your business according to the XP League Franchise Agreement and System. This means you will be subject to complying with the respective Affiliated Brand's franchise agreement and its system as well as the XP League Franchise Agreement and System.

Divisions are not required to be open during all normal business hours, but instead must operate during the times established for games, leagues, and practices, and otherwise in accordance with our then-current policies, System, and Standards.

DEVELOPMENT PROGRAM

We may offer to enter into a multi-unit development agreement (the "Development Agreement", Exhibit D to this disclosure document) with qualified legal entities (a "Developer"), which grants the right to establish

and operate up to three XP League Centers or Affiliated Divisions in a specified area (the "Development Area") at specific locations that must be approved by us, each under a separate then-current franchise agreement. If we offer you a Development Agreement, you will be required to open at least two XP League Centers or Affiliated Divisions. Developers must open each Division in accordance with an agreed upon opening schedule (the "Development Schedule") included as Attachment B to the Development Agreement.

You will execute your first Franchise Agreement when you execute the Development Agreement for your first location. This Franchise Agreement will be in the form attached to this disclosure document. When you are ready to open your second and third Franchised Businesses, you will be disclosed with the then-current franchise disclosure document and execute the then-current franchise agreement for each additional Franchised Business. The version of the franchise agreement that you sign for your second and third Franchised Businesses may differ from the current form of the Franchise Agreement included in this disclosure document. The Development Fee that you must pay under the Development Agreement is paid in a lump sum at the time of execution of the Development Agreement and is non-refundable in all events and includes the initial franchise fee payable by you for all the franchise agreements to be developed thereunder.

THE MARKET AND COMPETITION

The market for children's edutainment businesses is well developed and competitive. You will serve the general public and will compete with a variety of businesses, from locally owned to national and chain businesses. These businesses compete on the basis of factors such as price, service, location and quality. These businesses are often affected by other factors as well, such as changes in consumer habits, economic conditions, population, and travel patterns. The market for XP League Divisions is primarily children between the age of seven and 15, as well to a lesser degree, those under seven years of age, and over 15 years of age and adults.

The business for XP League Divisions is not seasonal, provided that you may be able to offer certain events and specialty programming at different times throughout the year. We may establish other XP League Divisions in your area (if permitted under the Franchise Agreement) and/or sell or license others to sell products and/or services in your area. Our Affiliates may also offer other certain goods or services in the same Protected Area and to the same demographic as XP League franchises. Also, we may sell related products through wholesalers, distributors, the Internet, catalogs, or other similar means of distribution to customers at any location, whether or not located in your Protected Area. To the extent your Franchised Business may be located near another XP League Division, you may appear to or actually compete with other XP League Divisions.

INDUSTRY SPECIFIC REGULATIONS

Aside from the laws, rules and regulations that apply to business generally, there are laws and regulations specific to the industry in which XP League Divisions operate. These include state laws governing the terms of membership agreements, membership sales and financing terms, privacy, auto-renewal laws, health and safety, childcare requirements, and the like. You must comply with all local, state, and federal laws.

You must also comply with all applicable local, state and federal laws that require coaches, educators, learning center employees and others to obtain required background checks and fingerprinting. In Texas, which is where we are headquartered, background checks and fingerprinting are required by the Texas Education Agency and conducted through the Texas Department of Family and Protective Services. We also require that you and all employees and staff members pass a background check prior to commencing work in the Franchised Business, and on a periodic basis thereafter, that is free of any sexual and/or violent offenses, any offense involving moral turpitude, and/or any other crime or offense that we believe is reasonably likely to have an adverse effect on the Franchised Business, other franchisees' XP League Divisions, the System or the Proprietary Marks.

We strongly encourage you to investigate the local, state, and federal laws that may apply to your Franchised Business and that you investigate local requirements relating to your ability to offer programs and to market and promote your Franchised Business to local schools within your territory. You should check with your local attorney for advice on complying with applicable law before you purchase a franchise and during the operation of your Franchised Business. You must investigate and satisfy and stay current on all local, state, and federal laws and regulations since they vary from place-to-place and can change over time.

ITEM 2
BUSINESS EXPERIENCE

XP LEAGUE

Carisa Findley – President: Carisa Findley serves as the President of XP League in Charlotte, North Carolina, and has held that position since September 2023. From January 2023 to September 2023, she served as an independent operations and training consultant, working with Gym Bag Beauty and Class 101, in Charlotte, North Carolina. Previously, she served as the President for Freecoat Nails from May 2022 to January 2023 in Charlotte, North Carolina. She also served as the Vice President of Learning and Development for Title Boxing Club from February 2021 to May 2022 in Denver, Colorado. From May 2017 to February 2021, she served in many roles, including Senior Director of Operations and Training, Director of Learning and Development, and Director of Operations for Elements Massage in Denver, Colorado.

David Ryan – Director of Operations: Mr. Ryan has been our Director of Operations since April 2022 in Raleigh, North Carolina, and has served in the same role with our predecessor XP League, LLC from February 2022 to April 2022 in Raleigh, North Carolina. He was the owner of an XP League franchise in Falls Church, Virginia from December 2020 to February 2022. He is the owner of a Code Ninjas franchise in Falls Church, Virginia, and has been since July 2018. He was a Senior Project Manager at Applied Research Associates, Inc. in Crystal City, Virginia, from May 2016 to February 2019.

UNLEASHED SERVICES

Michael Browning, Jr. – Chief Executive Officer: Michael Browning, Jr. has been the Chief Executive Officer of both Unleashed Brands and Unleashed Services since July 2021 in Bedford, Texas. He is one of co-founders of UATP and has served as UATP's Chief Executive Officer from its inception in May 2013 to June 2021 in Bedford, Texas. Michael also served as the Chief Executive Officer of UA Attractions, LLC from May 2018 to October 2021 in Bedford, Texas. Previously, he served as the Manager of Southlake Urban Air, LLC from March 2011 to December 2018 in Southlake, Texas; Mansfield Urban Air, LLC from January 2013 to September 2020 in Mansfield, Texas; Frisco Urban Air, LLC from May 2013 to February 2019 in Frisco, Texas; Garland Urban Air, LLC from March 2015 to July 2020 in Garland, Texas; Coppell Urban Air, LLC from March 2015 to July 2020 in Coppell, Texas; and Fort Worth Urban Air, LLC since August 2016 in Bedford, Texas. Michael was a Member of UATP IP, LLC from October 2013 to March 2018 and has been a Manager of UATP Holdings, LLC since 2015, and served in both positions in Bedford, Texas.

Stephen Polozola – Chief Legal Officer: Stephen Polozola has served as the Chief Legal Officer of Unleashed Services since July 2021 in Bedford, Texas. Stephen is one of the co-founders and has served as the Executive Vice President and General Counsel of UATP since its inception in May 2013 to June 2021 in Bedford, Texas. He has served as a Manager of UATP Holdings, LLC since July 2015 and has served as a Vice President of UATP IP, LLC since October 2013 in Bedford, Texas. He was licensed to practice law in the state of Texas in November 2000 and remains in good standing with the State Bar of Texas. Also, Stephen has served as President of Adventis Insurance, Inc. since March 2020. Prior to his affiliation with

UATP, Stephen was a shareholder at Decker Jones, PC in Fort Worth, Texas, where he practiced law from April 2007 to June 2017.

Joe Luongo – Chief Operating Officer: Joe Luongo has served as the Chief Operating Officer of Unleashed Services since April 2022 in Bedford, Texas. Since June 2019, he also serves as Chairman of the Board for WellBiz Brands and previously served as Executive Chairman from October 2017 to June 2019 in Englewood, CO.

Scott Perry – Chief Financial Officer: Scott Perry has served as the Chief Financial Officer at Unleashed Services since July 2021 in Bedford, Texas. Before this position, he served as the Chief Financial Officer and Executive Vice President of UATP from March 2019 to June 2021. Previously, he was a Member of Laguna Woods Consulting, LLC from September 2018 to March 2019 in Austin, Texas. Scott was the Chief Financial Officer and Treasurer of Sport Clips, Inc. from November 2014 to July 2018 and Vice President of Finance and Treasurer from November 2006 to November 2014 in Georgetown, Texas.

Josh Wall, CFE – Chief Growth Officer: Josh Wall has been the Chief Growth Officer of Unleashed Services since July 2021 in Bedford, Texas. From June 2019 to June 2021, Josh Wall served as UATP's Executive Vice President and Chief Franchise Officer responsible for the growth and development of the brand and franchise relationships. Previously, Josh served as the Chief Development Officer for Christian Brothers Automotive Corporation in Houston, Texas from January 2018 to June 2019.

Chris Andrews – Chief Information Officer: Chris Andrews has been the Chief Information Officer of Unleashed Services since May 2022 in Bedford, Texas. Previously, from May 2019 to May 2022, he was the Chief Information Officer of Smoothie King in Coppell, Texas. From November 2018 to May 2019, he served as the Chief Information Officer at Pei Wei in Dallas, Texas. From July 2017 to November 2018, he served as the Vice President of Technology at Pei Wei in Phoenix, Arizona.

Jessica Correa – Chief Marketing Officer: Jessica Correa has served as Unleashed Services' Chief Marketing Officer since July 2021 in Bedford, Texas. Previously, she served as the Chief Marketing Officer from August 2019 to June 2021. Prior to joining us, Jessica served as Head of Marketing for Planet Fitness in Hampton, New Hampshire from November 2014 to May 2018.

Diane Sanford, SHRM-SCP – Chief Human Resources Officer: Diana Sanford has served as the Chief Human Resources Officer at Unleashed Services since March 2022 in Bedford, Texas. Previously, she was the Chief People Officer at Local Favorite Restaurants in Dallas, Texas from May 2022 to March 2022. Before this role, she served as the Chief People Officer at On the Border Mexican Grill & Cantina from December 2014 to April 2022 in Irving, Texas.

Ryan Slemons – Chief Development Officer: Ryan Slemons has served as our Chief Development Officer since April 2023 in Bedford, Texas. From July 2021 to April 2023, he served as Vice President, Global Real Estate and Development at Game Stop in Dallas, Texas. Previously, from September 2014 to July 2021, he held various positions with Amazon, most recently serving as Head of Real Estate – Amazon Go, Amazon Style, and New Concepts in Dallas, Texas.

Danny Boruff – Senior Vice President of Supply Chain: Danny Boruff has served as the Senior Vice President of Supply Chain at Unleashed Services since January 2023 in Bedford, Texas. Previously, he served as the Senior Vice President of Supply Chain at UATP from April 2021 to December 2022. Prior to this position, he served as the Head of Supply Chain at Cotton Patch Café from June 2020 to March 2021 in Southlake, Texas. During his time at JMC Restaurant Distribution (Cicis Pizza) in Coppell, Texas, from January 2016 to October 2019, he served as the Vice President of Supply Chain.

Eric Schechterman, CFE – Vice President of Franchise Finance: Eric Schechterman has served as our Vice President of Franchise Finance since April 2023 in Bedford, Texas. Previously, from April 2011 to February 2023, he held several positions with Benetrends Financial, most recently serving as Chief Development

Officer in Philadelphia, Pennsylvania. He currently also serves as Senior Advisor to Lander Analytics, and has held that position since January 2014 in New York, New York.

James Franks – Vice President of Franchise Recruitment: James Franks has been the Vice President of Franchise Recruitment at Unleashed Brands since December 2021 in Bedford, Texas. James has also served as the Vice President of Franchise Recruiting at UATP from November 2019 to December 2021 in Bedford, Texas. He was the founder and CEO of The Franks Group in Dallas, Texas from January 2016 to November 2019.

ITEM 3
LITIGATION

TLGI:

Joleyvie, LLC, Tiffany Cianci, and Ryan Cianci v. TLGI, LLC, Unleashed Brands, LLC, and Stephen Polozola, American Arbitration Association, Case No. 01-22-0002-1897. On May 20, 2022, TLGI, LLC terminated Joleyvie, LLC's franchise agreement (the "Joleyvie Franchise Agreement") for failing to timely pay royalty and advertising fees. On May 23, 2022, claimants initiated an arbitration challenging the validity of the termination of the Joleyvie Franchise Agreement. On October 4, 2022, claimants filed an amended demand for arbitration against respondents for breach of contract, tortious interference, trespass, libel, defamation, invasion of privacy, and breach of fiduciary duty and duty of loyalty, and sought an unspecified amount of damages. On October 2022, respondents filed a counterclaim alleging trademark infringement, false designation of origin and unfair competition, copyright infringement, misappropriation of proprietary and confidential information and unfair competition, and breach of contract, and requested a permanent injunction and treble damages. On June 8, 2023, the arbitrator issued an Interim Award that ruled in favor of TLGI, LLC and the other respondents, rejected all of the claimants' material allegations against the respondents, and awarded the claimants no monetary damages. In its ruling, the arbitrator concluded that (i) TLGI, LLC's termination of the Joleyvie Franchise Agreement was valid and justified, (ii) the claimants in fact had breached their post-termination obligations and needed to return confidential and proprietary manuals and other relevant materials to TLGI, LLC, (iii) the post-term non-compete in the Joleyvie Franchise Agreement was enforceable and the claimants therefore needed to cease all competitive activities immediately, and (iv) TLGI, LLC and the other respondents were the prevailing parties and were entitled to recover their attorneys' fees and the costs of arbitration.

Snapology:

In the Matter of Snapology Community Programs, L.P. and its successor Snapology, LLC, Administrative Proceeding Before the Securities Commissioner of Maryland, Case No. 2015-0429. As a result of an investigation into the franchise related activities of Snapology Community Programs, L.P. and its successor Snapology, LLC, the Maryland Securities Commissioner ("Commissioner") concluded that grounds existed to allege that Snapology violated the registration and disclosure provisions of the Maryland Franchise Law in relation to the offer and sale of a Snapology franchise. In responding to inquiries from the Maryland Securities Division, Snapology acknowledged that, during the time it was not registered to offer and sell franchises in Maryland, it entered into two separate License and Training Service Agreements in Maryland that the Commissioner concluded constituted the sale of two franchises. Snapology represented that it has offered rescission to one of those franchisees. On January 15, 2016, the Commissioner and Snapology entered into a consent order whereby Snapology, without admitting or denying any violations of the law, agreed to: immediately and permanently cease from the offer and sale of franchises in violation of the Maryland franchise law; complete registration of its franchise offering in Maryland; and, offer rescission to the remaining franchisee who was sold a franchise in Maryland while Snapology was not registered with the State.

PMA:

The Commissioner of Financial Protection and Innovation v. Premier Franchising Group, LLC doing business as Premier Martial Arts International and/or Premier Martial Arts. On November 18, 2021, we entered into a consent order with the California Commissioner of Financial Protection and Innovation related to four licensees of PMAI. The Commissioner found that PMAI offered and sold at least four franchises in California without being registered with the Commissioner or exempt, in violation of Section 31110 of the California Franchise Investment Law. The Commissioner further found that we and PMAI willfully omitted to state in subsequent franchise registration applications the material fact that PMAI had at least four California studios, in violation of Section 31200 of the California Franchise Investment Law. Pursuant to the consent order, we agreed to (1) refrain from violating Sections 31110 and 31200, (2) pay a $10,000 administrative penalty, (3) file a post-effective Amendment updating our current registration to include the consent order, and (4) disclose the existence of each and every California studio in Item 20 and in the exhibit list of current and former franchisees in any PMA disclosure document filed with the Commissioner moving forward.

William Anthony, et al. v. Van Over, et al., U.S. District Court for the Eastern District of Tennessee, Knoxville Division, Case No. 3:22cv416. On or about November 18, 2022, a number of franchisee groups, comprised of both individual owners and operating entities, filed this lawsuit ("Lawsuit") against Barry Van Over (PMA's Brand Ambassador), Myles Baker (PMA's Vice President), Premier Franchising Group, LLC d/b/a Premier Martial Arts ("PFG"), and Unleashed Brands. FastLane, LLC and Brent Seebohm, who formerly acted as franchise sales brokers for PFG, were also named as defendants. The Lawsuit alleges that the defendants made misrepresentations in connection with the franchise sales process, including as to the profitability of studios, the number of employees needed to operate studios, PFG's systems, and that franchises could be run "semi-absentee." The Plaintiffs' complaint asserts claims for violation of the Racketeering Influenced and Corrupt Organizations Act, fraud, misrepresentation, negligence, fraudulent inducement, breach of contract, breach of the duty of good faith and fair dealing, civil conspiracy, unjust enrichment, negligence, various statutory claims, and a claim for declaratory judgment. The Plaintiffs seek compensatory damages in excess of $50 million, attorneys' fees, treble, statutory and/or punitive damages as permitted by law, declaratory relief, injunctive relief, and interest. PFG has filed a motion to compel arbitration and intends to vigorously defend Plaintiffs' claims.

Lloyd Capanna et al vs. Premier Martial Arts International, LLC et al., pending before the American Arbitration Association, Case No. 01-22-0005-2895. On or about December 19, 2022, Claimants filed a demand for arbitration against the Respondents asserting misrepresentations were made in connection with the franchise sales process. The Claimants' demand asserts claims for violation of the Racketeering Influenced and Corrupt Organizations Act, fraud, misrepresentation, breach of contract, breach of the duty of good faith and fair dealing, unjust enrichment, and various statutory claims. The Plaintiffs seek actual and compensatory damages, attorneys' fees, special, enhanced, and exemplary damages as permitted by law, declaratory relief, injunctive relief, and interest. Premier Martial Arts International, LLC and the various Respondents intend to vigorously defend Claimants' claims.

Other than listed above, no litigation is required to be disclosed in this Item.

ITEM 4
BANKRUPTCY

No bankruptcy is required to be disclosed in this Item.

ITEM 5
INITIAL FEES

INITIAL FRANCHISE FEE

When you sign a Franchise Agreement, you must pay to us a non-refundable initial franchise fee (the "Initial Franchise Fee") of $35,000. The Initial Franchise Fee is fully earned by us upon payment. Except for the discount below, the Initial Franchise Fee is uniform for all franchisees.

GRAND OPENING EXPENDITURES

In preparation for the grand opening of your Franchised Business, you must pay to us or our affiliate a minimum of $8,000 for a Mobile Division and a minimum of $10,000 for an XP League Center or Affiliated Division for your grand opening expenditures. We or our affiliate collect your grand opening fees and distribute to third-party designated service providers to conduct your grand opening. This grand opening advertising program ("Grand Opening Advertising Program") will be administered according to a schedule we determine on a case-by-case basis and may generally commence one month before your grand opening of the Franchised Business to the public ("Opening Date") and last two to three months thereafter. This fee is fully earned by us upon payment and is non-refundable.

INITIAL INVENTORY SUPPLIES AND TECHNOLOGY FEE

Prior to the opening of your Franchised Business, you will be required to pay to us between $350 and $1,200 for your initial inventory of supplies required to open your Franchised Business. This fee is fully earned by us upon payment and is non-refundable.

You will pay us an "Technology Fee" each month during the term of your Franchise Agreement, which includes your email, website hosting and access to our electronic support systems and operating software. This fee is currently $350 per month but may be up to $500 per month. You will begin paying this fee on the first day of the month after you sign your Franchise Agreement, and on the first of each month thereafter. The amount of this fee that you pay to us before opening will range $350 to $1,050 depending on when you open your Franchised Business, assuming you open within our estimated timeframes. This fee is non-refundable.

DEVELOPMENT AGREEMENT

If we award you multi-unit development rights, you must sign our Development Agreement and pay us a development fee (the "Development Fee") for development of XP League Centers or Affiliated Divisions, pursuant to the below schedule:

Number of Divisions	Development Fee for Each	Total Development Fee
1	$35,000	$35,000
2	$32,000	$67,000
3	$23,000	$90,000

The Development Fee that you must pay under the Development Agreement includes the Initial Franchise Fee payable by you for the franchise agreements to be developed. The Development Fee will be due in a lump sum payment upon the signing of the Development Agreement. The Development Fee is fully earned and non-refundable in consideration of administrative and other expenses we incur in entering into the Development Agreement, and for our lost or deferred opportunities to enter into the Development Agreement with others. The Development Fee is uniform for all Developers, except for the discount below. We do not offer multi-unit development rights for Mobile Divisions.

VETERAN'S INCENTIVE

We offer a 5% discount off the Initial Franchise Fee and the Development Fee for active-duty United States military and United States veterans that were honorably discharged. The Franchised Business must be operated under a business entity, and the active-duty personnel or veteran participant must maintain at least a 51% ownership interest in such entity throughout the initial term of the Franchise Agreement. A copy of either the active military ID or the form DD-214, evidencing the status of a participating veteran and discharge type, must be submitted with the Franchise Agreement to receive this discount. We reserve the right to cancel or modify any incentive program or discount at any time. If the veteran who was the basis of the veteran's incentive is no longer an Owner for any reason, other than death or disability, at the fifth anniversary of the effective date of your Franchise Agreement, then the Franchised Business shall reimburse us for the veteran's incentive discount applied to your Initial Franchise Fee.

AFFILIATED BRAND INCENTIVE

We offer a 5% discount off the Initial Franchise Fee and the Development Fee for existing Affiliated Brand franchisees who wish to purchase an XP League Division. The discounted Initial Franchise Fee or Development Fee is payable in full upon execution of the Franchise Agreement or Development Agreement.

Except as described in this Item 5, all fees are uniformly imposed. All fees are fully earned when paid to us and our affiliates (including UA Attractions) and are non-refundable upon payment.

ITEM 6
OTHER FEES

FRANCHISE AGREEMENT

Type of Fee[1]	Amount	Date Due	Remarks
Royalty Fee	From the Royalty Start Date to the Opening Date, the Royalty Fee is the Minimum Royalty Fee ($500 per month); after the Opening Date, the Royalty Fee is the greater of the Minimum Royalty Fee or 8% of monthly Gross Sales[3]	Monthly on the 15th of the month beginning on the established Opening Date, based on the Gross Sales for the prior month.[2]	The Minimum Royalty Fee will begin on the first day of the calendar month following the date which is one hundred twenty (120) days from the execution of your Franchise Agreement (the "Royalty Start Date"). The Minimum Royalty Fee is $500 per month.
NAF Contribution	Up to 5% of monthly Gross Sales, currently 0% of Gross Sales	Monthly on the 15th of the month beginning on the established Opening Date	Currently, there is no National Advertising Fund ("NAF"), but we may establish the NAF on 30 days' notice. The total contribution between NAF Contribution, Local Marketing Expenditure, and Advertising Cooperative shall not exceed 6% of Gross Sales.
Local Marketing Expenditure	Greater of $500 per month, or 6% of monthly Gross Sales	Monthly upon invoice	You must spend this amount in compliance with our current policies. We currently require that you spend these funds on digital marketing of your Franchised

Type of Fee[1]	Amount	Date Due	Remarks
			Business with one of our approved digital marketing services, which may be an affiliate of ours. We have the right to require you to provide proof that these funds were spent, and spend them on your behalf should you fail to do so, in which case you will be responsible for reimbursing us. We reserve the right to collect these funds and spend them on your behalf.
Advertising Cooperative Contribution (if established)	Amount determined by majority vote of cooperative members	As incurred	Contributions to the Advertising Cooperative will be credited towards your Local Marketing Expenditure. We do not currently have any Advertising Cooperatives.
Software Licensing and Event Registration Fees[4]	Depends on the then-current games offered and associated publishers required fee structure; currently ranges from $110 to $300 per month.	Upon demand.	You are required to pay our then-current cost for the license of any business operations software or other software necessary for use in your Franchised Business. Currently, this fee is to cover our expenses to license certain game components, which we pass through to you without mark-up. We reserve the right to implement additional proprietary software systems for all franchisees, which may require up-front and maintenance fees and increase this fee accordingly. You will either pay this fee to us, or directly to any provider that we designate to license software to you.
Coach Certification Fees	Then-current Coach Certification Fees; currently, $110 per coach.	As incurred.	You (and all of your Owners if you are an entity) and each one of your coaches will be required to obtain an XP League Coaching Certificate through our exclusive positive youth esports coaching program through Next Level Esports. Coaches and Staff may need to attend continuing education sessions, as determined by us, in our sole discretion.

Type of Fee[1]	Amount	Date Due	Remarks
Technology Fee	Currently, $350 per month; up to $500 per month	You begin paying this fee on the first of the month following the signing of your Franchise Agreement, and on the first of each month thereafter.	We reserve the right to charge this fee for products and services related to informational technology, including email, and access to our electronic systems and operating software in connection with the Franchised Business and System. This fee includes two Microsoft 365 licenses and access to our online dashboard for use in managing your Franchised Business.
Call Center Fee[10]	Varies; we will charge you the pro rata share of the cost of operating, administering and upgrading the call center, which includes certain fees that we collect and pay to our Designated Suppliers (as defined in Item 8) on your behalf. Currently, the base fee is $75 to $150 per month per Division.	Monthly on the 15th of the month following performance or sale beginning on the established Opening Date.	Payable to us.
Conference Fee	If we hold an annual conference, $500 per attendee, but may be increased to $1,000 per attendee	Upon invoice	We require that you attend our annual conference. If you cannot attend and we excuse your absence, you must send your Designated Manager in your place. If you or your representative do not attend, you must pay us a conference materials fee of $1,000 and we will provide you with relevant training materials from the XP League and/or Unleashed Brands' annual conference. In addition to payment of the Conference Fee, you are responsible for wages, travel, lodging, and other fees and costs for you (an Owner), your Designated Manager or other personnel to attend such conferences.
North American Finals expenses	Up to $500 per team, and any and all costs for you and/or your Designated Manager to attend.	As incurred	Annually the top qualifying teams will convene in person for our North American Finals. If you have a team attending finals, it is mandatory that you and/or your

Type of Fee[1]	Amount	Date Due	Remarks
			Designated Manager attend this event. You are responsible for wages, travel, lodging, and other fees and costs for you, your Designated Manager, or other personnel to attend.
Additional training and assistance	$500 per additional person to attend our initial training program; and our per-diem charge for additional training (which is currently $500 per trainer per day, plus our out-of-pocket costs, per trainer).	Upon demand.	You must pay our then-current fee to send more than two (2) individuals to our initial training program. If we require, in our sole discretion, that additional training from us is required or if you ask that we (a) provide additional training, or (b) conduct any training session outside of our standard training programs described in this disclosure document, and we do so, then you will have to pay our then-current per-diem charge for extra training plus expenses that we incur. See Note 5.
Supplier Testing Fee[6]	Reimbursement of our costs incurred in product testing and evaluating new products or suppliers as well as any costs we incur in monitoring a new Designated Supplier's compliance with our requirements.	Upon invoice	Payable only if you request to purchase products from an alternative supplier or request to use an alternate product.
On-site evaluation	Reimbursement of our out-of-pocket costs	Upon invoice	Payable only if you request us to conduct an on-site evaluation of your proposed site for the Franchised Business.
Transfer Fee[7]	1) 50% of our then-current initial franchise fee if controlling interest (over 50% of the total outstanding units in the Franchised Business, whether in a single transaction or series of transactions) is transferred to a new approved franchisee;	At time of transfer.	Payable only if we consent and you make a transfer (as defined in the Franchise Agreement) of your open Franchised Business, which includes any sale or assignment of your franchise or your company. You may not make a transfer if your Franchised Business is not open and operating under the Franchise Agreement. This fee is subject to state law.

Type of Fee[1]	Amount	Date Due	Remarks
	2) 25% of our then-current initial franchise fee if controlling interest is transferred to an approved existing franchisee, plus reimbursement of our actual legal and professional expenses and our other costs incurred in connection with the transfer; or 3) $3,500 but only if 20% or less of the total outstanding units in the Franchised Business are being transferred to an approved Owner and limited to one time per rolling twelve-month period. Otherwise, such transfers are subject to the fee in #2 above.		
Renewal Fee	25% of our then-current initial franchise fee plus reimbursement of our legal and professional expenses and our other costs incurred in connection with the renewal	Upon invoice	Payable prior to renewal only if you request and we approve your renewal of the Franchise Agreement.
Relocation Fee	25% of our then-current initial franchise fee	Upon invoice	Payable prior to relocation only if you request and we approve your relocation.
Charges for inspections and "mystery customer" quality control evaluation[8]	Will vary under circumstances. May include then-current costs for provision of the mystery customer program or the then-current fees charged by a third-party evaluation service.	Upon demand, if incurred.	The mystery customer program will be separate from our programs for customer surveys and customer satisfaction audits (which may require you to accept coupons from participating customers for discounted or complimentary items).

Type of Fee[1]	Amount	Date Due	Remarks
Interest	18% per year or maximum lawful rate	Upon demand	Interest is charged when any Royalty Fee or other fee or payment due to us is not paid when due or an audit reveals underpayment based on inaccurate Gross Sales. The maximum interest rate allowed by law in California is 10% annually.
Dues and Assessments Imposed by a Franchisee Advisory Council	As determined by a franchisee advisory council (if established).	At the times required by a franchisee advisory council.	There is currently no franchisee advisory council. We may form, or require that our franchisees form, a franchisee advisory council in the future. If one is formed, you must become a member if we require, and you must pay the fees and assessments imposed by the council.
Prohibited Product or Service Fine	$250 per day of use of unauthorized products or services.	If incurred.	In addition to other remedies available to us (subject to applicable state law).
Audit Expenses	All costs and expenses associated with the audit, reasonable accounting and legal costs.	Upon demand.	Payable only if we audit your Franchised Business and the audit discloses an understatement in any statement or report of 3% or more. (You will also have to pay the monies owed and interest on the underpayment (see "Interest" above).)
Insurance Procurement	Our cost to obtain insurance coverage if you fail to do so.	Upon demand.	We have the right (but not obligation) to buy insurance coverage if you do not do so.
Securities Offering	Our actual expenses.	Upon demand.	Payable only if you propose to engage in a public or private securities offering, to reimburse us for our reasonable costs and expenses (including legal and accounting fees) to evaluate your proposed offering.
Tax Assessment	Our actual expenses.	Upon demand.	Payable only if there is a sales tax, gross receipts tax, or similar tax or assessment (other than income tax) imposed against us with respect to any payments you make to us under the Franchise Agreement.

Type of Fee[1]	Amount	Date Due	Remarks
Costs and Legal Fees	Will vary under circumstances.	Upon demand.	You must reimburse us for the expenses we incur (including reasonable attorneys' and other legal fees) as a result of your default of the Franchise Agreement and to enforce and terminate the Franchise Agreement.
Additional Cure Expenses, Collection Costs, and Post Termination / Expiration Expenses	Our cost and expense if we take action to cure any default by you under the Franchise Agreement, including costs of collection for unpaid amounts.	Upon demand.	Due only if you are in default under your Franchise Agreement, in which case you must reimburse us for the additional expenses we incur (including reasonable attorneys' and other legal fees) as a result of your default and to enforce and terminate your Franchise Agreement if necessary. This also applies if your Franchise Agreement terminates or expires and we incur expenses in ensuring your compliance with the post-termination and post-expiration provisions. See Note 9.
Indemnification	Will vary under circumstances.	Upon demand.	You must reimburse us if we are sued or held liable for claims arising from your operation of the Franchised Business, as well as your use of the Proprietary Marks in a manner inconsistent with our instructions, and any transfers or securities offerings that you propose.
Resale Program Fee	Greater of 4% of the purchase price paid for your Franchised Business (in any form, including cash, credit, debt or stock) and the then-current initial franchise fee.	Prior to closing	Payable only if you elect to participate in our Resale Program in connection with the sale of your Franchised Business to an approved transferee of the Franchise Agreement.

Type of Fee[1]	Amount	Date Due	Remarks
Liquidated Damages	The product of (i) eight percent (8%) times the monthly revenue or the Minimum Royalty Fee, whichever is greater by month, for the previous twelve (12) full calendar months, multiplied by (ii) the years remaining in the Initial Term	On demand.	Payable only if you default and we terminate your Franchise Agreement. If at the time your Franchise Agreement is terminated, you have been operating your Division for less than 12 months, the amount of liquidated damages will be based upon the system-wide Royalty Fee average for the month in which termination.

DEVELOPMENT AGREEMENT

Type of Fee[1]	Amount	Due Date	Remarks
Transfer Fee (Controlling Interest)	$25,000 plus $1,500 for each Division yet to be developed	Upon demand	Payable only if you transfer your obligations under the Development Agreement to an approved third-party
Transfer Fee (Convenience of Operation or Non-Controlling Interest)	$3,500 but only if 20% or less of the total outstanding units in the Franchised Business are being transferred to an approved Owner and limited to one time per rolling twelve-month period. Otherwise, such transfers are subject to the Transfer Fee (Controlling Interest)	Upon demand	Payable only if you transfer your rights under this agreement to a business entity under your common control
Liquidated Damages	The lesser of i) $50,000 and ii) the Minimum Royalty Fee, multiplied by 36, multiplied by the number of units undeveloped under the Development Agreement.	Upon demand	Payable only if you default and we terminate your Development Agreement.

Explanatory Notes:

Note 1. Except as otherwise noted in this Item 6, we impose and collect all of the fees described above. None of these fees are refundable. All of the fees described above in this Item 6 are intended to be uniform for all franchisees, although, we reserve the right to reduce the Royalty Fee, or charge a fixed Royalty Fee, in certain circumstances, in our sole discretion. None of the amounts above include any applicable taxes, which taxes are your responsibility unless otherwise indicated.

Note 2. You will be required to sign an ACH Authorization Form (Franchise Agreement Attachment G) permitting us to electronically debit your designated bank account for payment of all fees payable to us or our affiliates other than the Initial Franchise Fee. You must deposit all Gross Sales from your Franchised Business into the bank accounts for which the ACH authorization was granted. You must pay all service

charges and fees charged to you by your bank so that we may electronically debit your bank account. You must comply with all payment and reporting procedures specified by us.

i. You must agree that we may retain any amount of customer payments as remittance of any amounts owed to us or our affiliates. Payments by you of any and all amounts under the Franchise Agreement are considered fully earned upon receipt and non-refundable.

ii. You must agree that we may directly charge and collect from any customer (including any of your customers) certain fees in connection with our online registration process and payment system that are in addition to payment for products and services provided by your Franchised Business. Such fees charged and collected by us will be fully earned by us.

Note 3. "Gross Sales" means the dollar aggregate of: (1) the sales price of all products, services, membership fees, merchandise and other items sold, and the charges for all Services you perform, whether made for cash, on credit or otherwise, without reserve or deduction for inability or failure to collect, including sales and services (A) originating at the Franchised Business premises (including your Office for a Mobile Division, if applicable) even if delivery or performance is made offsite from the Franchised Business premises (*i.e.*, mobile basis), (B) placed by mail, facsimile, telephone, the internet and similar means if received or filled at or from the Franchised Business premises (including your Office for a Mobile Division, if applicable), and (C) that you in the normal and customary course of your operations would credit or attribute to the operation of the Franchised Business; and (2) all monies, trade value or other things of value that you receive from Franchised Business operations at, in, or from the Franchised Business premises (including your Office for a Mobile Division, if applicable) that are not expressly excluded from Gross Sales. Gross Sales does not include: (1) the exchange of merchandise between Franchised Businesses (if you operate multiple franchises) if the exchanges are made solely for the convenient operation of your business and not for the purpose of depriving us of the benefit of a sale that otherwise would have been made at, in, on or from the Franchised Business premises (including your Office for a Mobile Division, if applicable); (2) returns to shippers, vendors, or manufacturers; (3) sales of fixtures or furniture after being used in the conduct of the Franchised Business; (4) the sale of gift certificates and stored value cards (the redemption value will be included in Gross Sales at the time of redemption); (5) insurance proceeds; (6) sales to employees at a discount; (7) cash or credit refunds for transactions included within Gross Sales (limited, however, to the selling price of merchandise returned by the purchaser and accepted by you); (8) the amount of any city, county, state or federal sales, luxury or excise tax on such sales that is both (A) added to the selling price or absorbed therein and (B) paid to the taxing authority; and (9) tips and gratuities. A purchase returned to the Franchised Business may not be deducted from Gross Sales unless the purchase was previously included in Gross Sales.

Note 4. We require you to use certain software, hardware and/or support services in connection with the operation of the Franchised Business. We may require you to pay us an up-front licensing fee as well as ongoing software maintenance fees for any proprietary software that we develop and require you to use. We may increase this fee during the term upon notice to you to cover additional costs for the license and support of required software, digital applications and successor technology and replacements thereto.

Note 5. If you request additional training or assistance, we may charge you our then-current per diem training fee for the additional training provided; and you will also have to reimburse us for all out-of-pocket costs and expenses associated with any additional training, including lodging, food and travel arrangements of the trainers. Additionally, if we determine, in our sole discretion, that you are in need of additional supervision or supplemental training, we may require that you receive such training from us, in which case you agree to also pay our then-current per diem training fee for the additional training provided; and you will also have to reimburse us for all out-of-pocket costs and expenses associated with the additional training, including lodging, food and travel arrangements of the trainers. We may require that you complete refresher and additional training programs, and we may offer the programs on a voluntary basis. If we conduct any additional training sessions (required or voluntary), then we may charge you our then-current

per diem training fee for that training we provide, and you will also have to reimburse us for all out-of-pocket costs and expenses described above. Our current per diem charge is $500 per trainer **per day** (we reserve the right to change our per diem rate in the future).

Note 6. If you desire to purchase unapproved products or equipment, supplies, services, or products (other than proprietary products) from other than approved suppliers, we may require that our representatives be permitted to inspect, from time to time, the supplier's facilities, and that samples from the supplier be delivered for evaluation and testing either to us or to an independent testing facility designated by us. You must pay us Supplier Testing Fee not to exceed the cost of the evaluation and testing as well as any costs we incur in monitoring a new Designated Supplier's compliance with our requirements.

Note 7. You may not transfer the Franchise Agreement if your Franchised Business is not open and operating in compliance with that agreement. If you are a Developer, you may not transfer your area development rights unless your first Franchised Business is open and operating under your first Franchise Agreement and you are in compliance with your Development Schedule (in addition to all other terms of all agreements with us).

Note 8. We may ourselves, or through an independent service, conduct inspections or a "mystery customer" quality control and evaluation program. You must participate in any such program, and we may require that you pay the then-current costs for the provision of this program, or the then-current charges imposed by the evaluation service (as we direct, either directly to the evaluation service provider or to us as a reimbursement).

Note 9. Reimbursement to us of all costs and expenses associated with your default of the Franchise Agreement, including but not limited to, collections costs, costs and commissions paid or due to a collection agency, reasonable legal fees, costs incurred in creating or replicating reports demonstrating Gross Sales or other aspects of your business, court costs, expert witness fees, discovery costs and reasonable legal fees and costs on appeal, together with interest charges on all of the foregoing. In addition, if you breach the Franchise Agreement, we have the right (but not the obligation), to take such action as we deem appropriate to cure the breach on your behalf.

Note 10. The national call center will perform various functions including general customer support and promotion. We will apply a portion of the call center fee to pay directly Designated Suppliers of certain services provided to your Franchised Business, including the fee charged by the call center telephone provider, your license for software used for event lead generation and management, donation requests and routing customer service inquiries, or such other provider of event lead generation and management that we may select. In addition, we may assess a commission for booking parties and events for your Franchised Business. Currently, with respect to each birthday party, the commission is $5 and an additional $5 commission per each $50 upsell related to the party, with upsell commissions not to exceed $10 per birthday party, and, with respect to corporate and special events, if the call center books the event, the commission is 5% of the Gross Sales for the event. We may amend commissions periodically.

[Item 7 begins on next page]

ITEM 7
ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT – MOBILE DIVISION

Table A – Mobile Division

Type of Expenditure[1]	Low Amount	High Amount	Method of Payment	When Due	To Whom Payment is to be Made
Initial Franchise Fee[2]	$35,000	$35,000	Lump sum	When you sign the Franchise Agreement	Us
Business Licenses & Incorporation[3]	$200	$1,000	As arranged	As incurred	Government agencies, attorneys
Gaming equipment, Storage systems	$22,000	$35,000	As arranged	As incurred	Designated Suppliers
Wrapped Van[4]	$5,000	$40,000	As arranged	As incurred	Designated Suppliers
Computer and Point of Sale System[6]	$2,920	$3,920	As arranged	As incurred	Us, our Affiliate or Designated Suppliers
Other Professional Fees[8]	$500	$3,000	As arranged	As arranged	Various service providers
Insurance Deposit[9]	$360	$780	As arranged	As arranged	Insurance providers
Initial Inventory of Product and Supplies[10]	$350	$1,200	As arranged	As incurred	Us, or our Affiliate
Training Expenses[11]	$60	$2,060	As arranged	As arranged	Travel Providers, Your employees
Grand Opening Advertising[12]	$8,000	$10,000	As arranged	As arranged	Us or our Affiliate
Additional Funds (for the initial 3 months of operations)[13]	$5,000	$15,000	As arranged	As needed	Designated Suppliers, Your employees and other creditors
TOTAL	**$79,390**	**$146,960**			

YOUR ESTIMATED INITIAL INVESTMENT – XP LEAGUE CENTER

Table B – XP League Center

Type of Expenditure[1]	Low Amount	High Amount	Method of Payment	When Due	To Whom Payment is to be Made
Initial Franchise Fee[2]	$35,000	$35,000	Lump sum	When you sign the Franchise Agreement	Us
Business Licenses & Incorporation[3]	$200	$1,000	As arranged	As incurred	Government agencies, attorneys
Gaming equipment	$22,000	$35,000	As arranged	As incurred	Designated Suppliers
Wrapped Van[4]	$5,000	$40,000	As arranged	As incurred	Designated Suppliers
Fixtures, Furnishings & Equipment[5]	$10,000	$20,000	As arranged	As incurred	Us, our Affiliate or Designated Suppliers
Computer and Point of Sale System[6]	$2,920	$3,920	As arranged	As incurred	Us, our Affiliate or Designated Suppliers
Rent, Security Deposits and Utility Deposits[7]	$1,800	$3,600	As arranged	As arranged	Lessor, Utility companies
Other Professional Fees[8]	$500	$3,000	As arranged	As arranged	Various service providers
Insurance Deposit[9]	$360	$780	As arranged	As arranged	Insurance providers
Initial Inventory of Product and Supplies[10]	$350	$1,200	As arranged	As incurred	Us, or our Affiliate
Training Expenses[11]	$60	$2,060	As arranged	As arranged	Travel Providers, Your employees
Grand Opening Advertising[12]	$10,000	$10,000	As arranged	As arranged	Us or our Affiliate
Additional Funds (for the initial 3 months of operations)[13]	$5,000	$15,000	As arranged	As needed	Designated Suppliers, Your employees and other creditors
TOTAL	**$93,190**	**$170,560**			

YOUR ESTIMATED INITIAL INVESTMENT – AFFILIATED DIVISION

Table C – Affiliated Division

Type of Expenditure[1]	Low Amount	High Amount	Method of Payment	When Due	To Whom Payment is to be Made
Franchise Fee[2]	$35,000	$35,000	Lump sum	When you sign the Franchise Agreement	Us
Business Licenses & Incorporation[3]	$200	$1,000	As arranged	As incurred	Government agencies, attorneys
Gaming equipment	$22,000	$35,000	As arranged	As incurred	Us, our Affiliate, or Designated Suppliers
Wrapped Van[4]	$5,000	$40,000	As arranged	As incurred	Designated Suppliers
Fixtures, Furnishings & Equipment[5]	$10,000	$20,000	As arranged	As incurred	Us, our Affiliate, or Designated Suppliers
Computer and Point of Sale System[6]	$2,920	$3,920	As arranged	As incurred	Us, our Affiliate, or Designated Suppliers
Rent, Security Deposits and Utility Deposits[7]	$1,800	$3,600	As arranged	As arranged	Lessor, Utility companies
Other Professional Fees[8]	$500	$3,000	As arranged	As arranged	Various service providers
Insurance Deposit[9]	$500	$1,500	As arranged	As arranged	Insurance providers
Initial Inventory of Product and Supplies[10]	$350	$1,200	As arranged	As incurred	Us or our Affiliate
Training Expenses[11]	$60	$2,060	As arranged	As arranged	Travel Providers, Your employees
Grand Opening Advertising[12]	$10,000	$10,000	As arranged	As arranged	Us or our Affiliate
Additional Funds (for the initial 3 months of operations)[13]	$5,000	$15,000	As arranged	As needed	Designated Suppliers, Your employees and other creditors
TOTAL	**$93,330**	**$171,280**			

Explanatory Notes to all Tables:

1. **General** – We do not impose or collect the fees or costs described in this Item 7, except for the items noted with "Us" in the column labeled "To Whom Payment is to be Made." Except as described below, all fees and amounts that you must pay to us are non-refundable. For any amounts paid to third parties, the availability and conditions under which you may obtain refunds will depend on the terms offered by those third-party suppliers. We do not offer our franchisees financing for any part of the initial

investment. Our estimates in this Item 7 are based on our current prototypes for Franchised Business and our knowledge of business practices and conditions in the general marketplace. They may vary from location to location. The figures do not provide for your cash needs to cover financing incurred by you or your other expenses.

2. **Initial Franchise Fee** – The Initial Franchise Fee shown is for a single XP League Division. The Initial Franchise Fee is nonrefundable and fully earned when received by us. See Item 5 for more information about the Initial Franchise Fee and available discounts.

3. **Business Licenses and Permits** – These are general estimates for permits and licensing that may be required by local and state governments, as well as forming and registering an entity to operate as the franchisee. Local, municipal, county and state regulations vary on the licenses and permits you will need to operate a Franchised Business. You are solely responsible for obtaining all appropriate licenses and permits.

4. **Wrapped Van** – You must purchase or lease a Dodge Sprinter van or similar make/model that meets our Standards. The low end of this estimate assumes you enter into a thirty-six month lease for the van and includes six months of lease payments, while the high end of this estimate assumes you purchase the van. The van must be less than two years old at the time of purchase or lease. You must have the van wrapped to meet our specifications within 60 days after you complete initial training. The cost of wrapping the van is included in the estimated range.

5. **Fixtures, Furnishings & Equipment** – You must purchase all fixtures, furnishings, equipment, signage and supplies that we specify as required for a Franchised Business. This estimate for required fixtures and equipment, including systems, and various trade dress and décor items. This estimate also includes the costs for signage. In some instances, the use of additional exterior or larger signage may be possible, with our prior written approval. This cost is not included in the estimates above.

In addition, we have not included an estimate for leasehold improvements or architectural costs, as this estimate assumes you operate either from a temporary location or you operate your franchise from a fixed retail location that has already been built-out for its existing operations, and as such, you will not be required to conduct traditional leasehold improvements.

6. **Computer and Point of Sale System** – You must purchase or lease and install at the Franchised Business the point of sale system, computer system, hardware, software, associated computer hardware, telephone lines, network connections, communications systems. high speed internet access, credit card processing equipment, and other equipment that we require from time to time (collectively, the "Computer System"). The term Computer System currently includes, but is not limited to, one laptop computer, Microsoft Windows 7 (or more recent version), Microsoft Office Suite (including two Office 365 accounts), QuickBooks Online and Google Chrome. The estimate includes the Technology Fees and Software Licensing and Event Registration Fees that. The estimate includes the Technology Fees you will pay to us prior to your opening (See Item 6). We may periodically require franchisees to update their Computer Systems to our then-current standards.

7. **Rent, Security Deposits and Utility Deposits** – You will need to obtain the right to use a secondary use space, such as shared or community space in a LAN center, college, school, church, community center, or library, or operate your Division from an approved retail location. If your Franchised Business is a Mobile Division, you will need to have an agreement in place to utilize the space for a minimum of three (3) months and pay for the use of the space, which will vary based on the type of space that you secure and how often you utilize the space. You will also need a space that provides high speed internet, and it must otherwise meet our then-current requirements as set forth in the Manuals, and have been approved in writing by us following submission of required information about the location. The above range contemplates three (3) months of rent for an approximate 400 square foot temporary space operating at a community center for

a Mobile Division. For a Center or Affiliated Division, the range contemplates three (3) months of rent for approximately 400 to 1,000 square foot of leased commercial space.

8. **Professional Fees** – The estimate assumes that you will engage an attorney, accountant, and other consultants to help you evaluate our franchise offering. In addition, you may also form a corporation or other entity to operate the business. Your actual costs may vary substantially, for example, depending on the degree to which you rely upon your advisors and upon the requirements that may apply to your Franchised Business.

9. **Insurance Deposit** – The estimate represents an initial deposit for the coverage necessary to operate the business and represents approximately three (3) months of coverage. Insurance costs will vary depending upon factors such as the size and location of the Franchised Business. Your obligations with respect to insurance are more fully described in Item 8.

10. **Initial Inventory of Products and Supplies** – You must purchase an initial inventory of certain items, including weekly awards, laptop bags, pencils, pens, notepads, presentation folders, binders, among other items. You will need to replenish your initial inventory on an as needed basis as such items and other supplies are used. The amount and cost of your initial and subsequent orders for all of these items will vary depending on various factors, including the size and anticipated volume of your Franchised Business's sales and the frequency of your orders.

11. **Training Expenses** – You may incur expenses associated with our training program. For this training program, we provide instructors and instructional materials at no charge for up to two (2) persons, but you must pay for transportation, lodging, meals, wages, and worker's compensation insurance (if you send any employees) and salary or compensation for your trainees. As to the amounts shown, the low end of the estimate assumes that you will be operating the Franchised Business and attend the training program yourself, and are within driving distance to the training location or attend the training program virtually, and the high end assumes that you bring an employee, other travel will be needed, and includes travel expenses, although these may vary significantly depending upon factors such as the distance traveled and mode of transportation. Your costs will also vary depending on the nature and style of accommodations, and the number of persons who will attend training.

In addition, all coaches must complete the XP League Positive Coaching Certification through a partnership with the Positive Coaching Alliance, which is a cost of $30 per certification. The estimate above includes certification for two (2) coaches.

12. **Grand Opening Advertising** – This advertising and marketing promotion is intended to provide initial awareness and momentum for your new Franchised Business. You must spend a minimum of $8,000 for a Mobile Division and a minimum of $10,000 for a Center or Affiliated Division on this advertising, which we or an affiliate may collect from you and spend on your behalf. A portion of this amount will be required to be spent with our designated marketing and public relations firm, for marketing and PR services surrounding your opening.

13. **Additional Funds** – This estimates the additional funds you may need to cover expenses you will incur before your Franchised Business opens and in its first three (3) months of operation. These expenses may include, without limitation, employee salaries, wages and benefits, payroll taxes, Royalty Fees, NAF Contribution, Local Marketing Expenditure, additional inventory, miscellaneous suppliers and equipment, rent, bank charges, state tax and license fees, deposits, prepaid expenses, and other miscellaneous items. Such amounts are the minimum recommended levels and are only estimates. You should not plan to draw income from the operation during the start-up and developmental stage of your business, the actual duration of which will vary materially from location to location. We relied on our affiliate-owned operations in estimating these amounts. You should take into account the cash outlays that you may incur while you are trying to get established. You must have additional sums available, whether in cash or through a bank line

of credit, or have other assets which you may liquidate or against which you may borrow, to cover other expenses and any operating losses you may sustain.

YOUR ESTIMATED INITIAL INVESTMENT – DEVELOPMENT AGREEMENT

Table D – Development Agreement

Type of Expenditure	Low Amount	High Amount	Method of Payment	When Due	To Whom Payment is to be Made
Development Fees[1]	$67,000	$90,000	Lump sum	When you sign the Franchise Agreement	Us
Legal, Accounting and Other Fees[2]	$3,000	$5,000	Lump Sum	As Incurred	Third parties
Initial Investment for the First **XP League Center**[3]	$58,190	$135,560	See Table B above. The low range is equal to the low range of the total from Table B, less the Initial Franchise Fee, and the high range is equal to the high range of the total from Table B, less the initial Franchise Fee. See Note 3.		
Initial Investment for the First **Affiliated Division**[4]	$58,330	$136,280	See Table C above. The low range is equal to the low range of the total from Table C, less the Initial Franchise Fee, and the high range is equal to the high range of the total from Table C, less the initial Franchise Fee. See Note 3.		
TOTAL[5] **XP League Center**	$128,190	$230,560			
TOTAL[6] **Affiliated Division**	$128,330	$231,280			

Notes:

1. The Development Fees include the Initial Franchise Fee payable by you for the two to three franchised units to be developed. The Development Fee will be due in a lump sum payment upon the signing of the Development Agreement. The Development Fee is fully earned and non-refundable in consideration of administrative and other expenses we incur in entering into the Development Agreement, and for our lost or deferred opportunities to enter into the Development Agreement with others. The Development Fee is uniform for all Developers, except as described in Item 5. We do not offer multi-unit development rights for Mobile Divisions.

2. You may incur additional legal, accounting, and other fees for reviewing the Development Agreement.

3. XP League Center: For each Center you develop under the Development Agreement, you will also incur the respective expenses in the Table B above in this Item 7 (except for the initial franchise fee).

4. Affiliated Division: For each Division you develop under the Development Agreement, you will also incur the respective expenses in the Table C above in this Item 7 (except for the initial franchise fee).

5. This figure represents the total estimated initial investment in entering into a Development Agreement for the development of 2-3 XP League Center franchised businesses, including the estimated initial investment to open your first franchised business under the Development Agreement.

6. This figure represents the total estimated initial investment in entering into a Development Agreement for the development of 2-3 Affiliated Division franchised businesses, including the estimated initial investment to open your first franchised business under the Development Agreement.

ITEM 8
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

PURCHASES FROM DESIGNATED SUPPLIERS; PURCHASES ACCORDING TO SPECIFICATIONS

You must purchase from us or from suppliers or distributors we designate (each a "Designated Supplier") all of your requirements for developing, constructing, and operating the Franchised Business including: (1) equipment (including not but limited to gaming laptops, desktops, and other hardware), software, fixtures, furniture and other furnishings, supplies, point-of-sale systems, signs, items of décor, architect services, paper products, and other products; (2) uniforms, team jerseys, sports apparel, shirts, and all merchandise and items intended for retail sale (whether or not bearing our Proprietary Marks); (3) advertising, point-of-purchase materials, and other promotional materials; (4) gift certificates and stored value cards; (5) stationery, business cards, contracts, and forms; (6) bags, packaging, and supplies bearing the Proprietary Marks; (7) insurance policies from our Designated Supplier, to the extent permitted by law; (8) local and regional marketing services through our Designated Supplier; (9) reputation management and customer service satisfaction evaluations, and other surveys, (10) games utilized in Divisions and coaching training programs, and (11) other products and services that we require. We will notify you in our Manuals or other communications of our Standards and specifications with respect to Designated Suppliers, including situations in which we may revoke approval.

You will be required to purchase the following through us or our affiliate where we are the only approved supplier: (1) licenses to the point of sale and other software programs that we designate, (2) technology solutions identified by us, (3) marketing programs, charity initiatives, and website development, (4) initial inventory and supplies, (5) certain insurance policies, (6) certain digital marketing services, and (7) certain support services related to the operation of your Division, including the accounting systems and third-party accounting services that we prescribe. Adventis is the sole approved supplier for workers' compensation coverage.

SUPPLIER APPROVAL PROCESS

If we require that a product or service be purchased from a Designated Supplier and you wish to purchase it from an alternate supplier, you must submit to us a written request for approval and must include pertinent information about the supplier as required in the Manuals. You may not purchase or lease the product or service until and unless we have approved the supplier in writing. We have the right to require you to submit information, specifications, and samples to us to enable us to determine whether the products or services, as applicable, comply with our Standards and specifications and whether the supplier meets our criteria, as may be amended by us periodically. We also have the right to inspect the supplier's facilities and have samples from the supplier delivered to us or to an independent laboratory we designate for testing. We may condition our approval of a supplier on requirements relating to product quality, traceability, consistency, and pricing as well as supplier financial condition, corporate social responsibility policies, reliability, labor relations, client relations, frequency of delivery, concentration of purchases, Standards of service (including prompt attention to complaints and positive complaint resolution history), and other criteria that we may

establish periodically. You must reimburse us for all costs that we incur in connection with due diligence of your proposed supplier and our evaluation of such supplier as well as any costs we incur in monitoring a Designated Supplier's compliance with our requirements. We do not act as an agent, representative, fiduciary or other intermediary for you in our relationship with an alternative supplier you propose, and we approve. We have the right to monitor the quality of the services provided by Designated Suppliers in a manner we deem appropriate. We may impose obligations on Designated Suppliers, which will be incorporated in a written agreement with the supplier.

We are not required to approve any particular supplier. We will notify you of our approval or disapproval within 120 days of our receipt of complete information from you that we require to evaluate a proposed supplier. Our specifications for products and services and criteria for suppliers are generally issued through written communication and available to franchisees through the Manuals, but we do not disclose information regarding specifications for products and services and criteria to suppliers that we consider proprietary or confidential to us. We may re-inspect the facilities and products of any Designated Supplier, and we may revoke our approval upon the supplier's failure to continue to meet any of our then-current criteria. If we revoke our approval of any supplier, you must promptly discontinue use of that supplier.

You may purchase from any supplier those items and services for which we have not specified Designated Suppliers, if the items and services meet our specifications, which may include brand requirements. If brand requirements have been identified, you may purchase and use only those brands approved by us. Our list of Designated Suppliers, Standards and specifications, and our modifications to our Standards and specifications, are communicated to our franchisees in the Manuals.

We provide updates to our Standards through electronic communications with you, through updates to our Manuals and website, as well as through meetings, conferences, webinars and the like. We do not provide material benefits to you (for example, renewing or granting additional franchises) based on your purchase of particular products or services or use of Designated Suppliers. However, if you do not use Designated Suppliers or follow our Standards, we may terminate the Franchise Agreement. You must follow and honor all of the product and service warranty and customer service policy we may establish and publish in our Manuals.

The Franchise Agreement restricts the sources of products and services you utilize in establishing and operating your Franchised Business in three ways. Some items can be purchased only from us or our affiliates, some only from Designated Suppliers we have approved, and others only in accordance with our specifications and Standards. We estimate that your required purchases and leases of products and services from Designated Suppliers or otherwise under our Standards will constitute 80% to 90% of the total purchases and leases of products and services necessary in connection with establishing and operating the Franchised Business.

REVENUE AND REBATES DERIVED FROM REQUIRED PURCHASES AND LEASES

We and our affiliates may derive revenue from franchisee purchases and leases to the extent that franchisees purchase products or services from us or our affiliates, and we also may receive payments or material benefits from Designated Suppliers based on your purchases or leases. Other than as described in this section, we do not currently derive any revenue from your purchases or leases from Designated Suppliers other than us, our predecessor or our affiliates; but we may in the future.

We and our affiliates have rebate programs or "Preferred Vendor" agreements with certain Designated Suppliers. We or our affiliates may negotiate with suppliers and manufacturers to receive rebates on certain items you must purchase. Our rebate programs may vary depending on the supplier and the nature of the product or service. Our or our affiliates obtain, or may obtain, rebate monies or remuneration from suppliers compensates us or our affiliates for our or their efforts to establish and maintain relationships with suppliers and distributors. These rebates will generally range from 5% to 15% of the purchases you make from vendors. Our Standards require you to participate in any rebate programs we may establish.

In the fiscal year ending December 31, 2022, we did not receive any rebates or revenue from required purchases or leases by franchisees. In the fiscal year ending December 31, 2022 our predecessor, XP League, LLC, did not receive any rebates or revenue from required purchases or leases by franchisees. Our affiliates did not receive revenue from required purchases or leases during the 2022 fiscal year.

PURCHASING COOPERATIVES; SUPPLIER NEGOTIATIONS AND ARRANGEMENTS

There currently are no purchasing or distribution cooperatives in existence connected to our franchise system. We may, but are not obligated to, negotiate purchase arrangements with suppliers for the benefit of our franchisees, and we may but are not obligated to establish national buying accounts with vendors whose products meet our specifications. We do not provide you any material benefits (such as renewal rights or the right to acquire additional franchises) based on your purchases from approved or designated suppliers.

INSURANCE

You must obtain and maintain, at your own expense, the insurance that you determine is necessary or appropriate for liabilities caused by or occurring in connection with the development or operation of the Franchised Business, including our mandatory policies and minimum limits of coverages described below:

Line of Coverage:	**Limits:**
General Liability Insurance	• $1,000,000 per occurrence • $2,000,000 Annual General Aggregate, Other than Products • $2,000,000 Annual Aggregate, Products and Completed Operations • (a) premises and operations; (b) products and completed operations; (c) personal injury; (d) advertising liability; (e) abuse and molestation; (f) contractual liability; (g) employees as insureds; (h) extended bodily injury coverage; (i) damage to premises rented to you ($100,000); (j) owned, non-owned and hired automobile insurance ($1,000,000 combined single limit); and (k) student sport accident • Medical Expense – each claim – to be excluded
Commercial Property Insurance	Covering business personal property and business income for one year of lost profit and continued business expenses, for full replacement cost of the Franchised Business's contents.
Worker's Compensation	$1,000,000 limit
Hired and Non-Owned Auto Liability	$1,000,000 per occurrence
Student/Participant Accident Policy	$25,000 limit
Employment Practices Liability Insurance	• $1,000,000 per claim • Wage & Hour sublimit no less than $100,000 per occurrence • Coverage for 1st and 3rd party sexual harassment
Professional Liability (recommended but not required)	$1,000,000 per occurrence
Other coverage as we may require from time to time	

We have the right to establish and modify the minimum required coverages and to require different or additional kinds of insurance. Each policy must include those terms and endorsements that we require, as specified in the Franchise Agreement and the Manual. We may designate periodically one or more Designated Suppliers for the required insurance, and you must use those Designated Suppliers, to the extent permitted by applicable law.

You must purchase the required worker's compensation insurance, general liability insurance, property insurance, and employment practices insurance from our Designated Supplier(s). Our affiliate Adventis administers our worker's compensation program. If we have not named a Designated Supplier or with respect to all other required insurance, in lieu of purchasing the insurance through our Designated Supplier as we may designate from time-to-time, you may purchase the insurance from insurance brokers and carriers that you select, subject to those brokers and carriers satisfying our Standards and minimum requirements. You must submit to us the information and documentation that we request in connection with your request for our consent to purchase insurance from any unapproved insurance broker or insurance carrier.

You must include us as an additional insured on all of the above policies except Worker's Compensation and Professional Liability. All insurance must be provided by an approved vendor or an insurer with an A.M. Best rating of not less than an A-VIII ("excellent" and $100,000,000 to $250,000,000 in policy holder surplus) that is authorized to sell insurance in the state in which your Franchised Business is located. You must provide us with a certificate of insurance and additional insured endorsement complying with the above requirements no less than 30 days prior to opening your Franchised Business and at least 30 days prior to any renewal providing the endorsements as noted below. All insurance policies (except worker's compensation) must include a waiver of subrogation in favor of us and our affiliates, and each company's officers, directors, shareholders, partners, members, agents, representatives, independent contractors, servants, and employees, and must include a 30-day notice of cancellation directed to both you and to us or the person we designate.

ITEM 9
FRANCHISEE'S OBLIGATIONS

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

Obligation	Section(s) in Franchise Agreement	Section(s) in Development Agreement	Item in Disclosure Document
a. Site Selection and acquisition/lease	Article 3 and Attachment G	Articles 1 and 4	7, 8 and 11
b. Pre-opening purchase/leases	Articles 4 and 5	Not Applicable	7, 8 and 11
c. Site development and other pre-opening requirements	Articles 4 and 5	Article 4	7, 8 and 11
d. Initial and ongoing training	Article 8 and Section 2.B.(4)	Section 6.2	6, 7 and 11
e. Opening	Article 5	Article 4	7, 8 and 11
f. Fees	Article 6	Article 3	5 and 6

Obligation	Section(s) in Franchise Agreement	Section(s) in Development Agreement	Item in Disclosure Document
g. Compliance with standards and policies/Operating Manual	Articles 7, 9, 10, and 11	Article 5	8, 11, and 14
h. Trademarks and proprietary information	Articles 9 and 13, and Section 14.A.	Section 1.4	13 and 14
i. Restrictions on products/services offered	Articles 9, 10, and Sections 11.B.-11.D.	Article 1	5, 8 and 16
j. Warranty and customer service requirements	Sections 15.F. and 15.N.	Not Applicable	16
k. Territorial development and sales quotas	Sections 1.B. and 3.A.	Article 4	12
l. Ongoing product/service purchases	Sections 11.B.-11.F.	Not Applicable	8
m. Maintenance, appearance and remodeling requirements	Article 10 and Sections 2.B(2), and 11.B.	Not Applicable	8
n. Insurance	Article 16	Not Applicable	7 and 8
o. Advertising	Article 15	Not Applicable	6, 7, 8, and 11
p. Indemnification	Section 20.B.	Section 7.2	Not Applicable
q. Owner's participation/ management/ staffing	Sections 11.J.-11.K.	Article 5	15
r. Records and reports	Article 7	Section 5.3	6
s. Inspections and audits	Article 7 and Sections 4.D., 4.E., and 11.G.	Not Applicable	6 and 11
t. Transfer	Article 17	Article 8	17
u. Renewal	Section 2.B.	Section 5.2	17
v. Post-termination obligations	Article 19	Article 9	17
w. Non-competition covenants	Sections 14.B.-14.F.	Section 6.3	17
x. Dispute resolution	Article 23	Article 11	17
y. Other: Guaranty	Attachment D	Attachment D	15
z. Other: Liquidated Damages	Section 18.F.	Section 9.8	6

ITEM 10
FINANCING

We do not offer direct or indirect financing. We do not guarantee your note, lease, or other obligations.

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

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

FRANCHISE AGREEMENT

Before you begin operating the Franchised Business, we will:

1. Grant you the right to operate the Franchised Business within a Protected Area. (Franchise Agreement, Section 1.B);

2. For your first Center or an Affiliated Division, upon your request and our availability of training personnel, provide one member of our training staff for on-site opening assistant for one to two days. (Franchise Agreement, Section 5.C.);

3. Prior to opening the Franchised Business, provide you or your Designated Manager and up to one additional manager with training in accordance with our initial training program. (Franchise Agreement, Section 8.A.);

4. Loan you a copy of or provide you access to a digital version of our Operations Manual. At all times, we reserve the right to supplement, modify and update the Operations Manual. (Franchise Agreement, Article 9). The Operations Manual currently consists of 134 pages and the table of contents to the Operations Manual is attached as Exhibit G to this disclosure document;

5. Provide you with our then current list of Designated Suppliers for the products and services that we will require you to use in the Franchised Business. (Franchise Agreement, Section 11.C.);

6. Provide you with marketing and promotion standards and marketing campaigns for use in your Franchised Business. (Franchise Agreement, Article 15); and

7. Establish a section on the XP League website that includes information related to your Franchised Business. (Franchise Agreement, Section 15.H.).

During the operation of the Franchised Business, we will:

1. Periodically, as we deem appropriate, advise and consult with you in connection with the operation of the Franchised Business. (Franchise Agreement, Section 5.D.) That advice may include suggestions and recommendations for the prices your Franchised Business should charge for its services.

2. In our discretion, coordinate an annual conference to be attended by franchisees of the System that are in good standing. (Franchise Agreement, Section 6.E.);

3. Provide training to additional or replacement managers, and refresher training as appropriate (Franchise Agreement, Article 8);

4. Provide you with access to updates and revised plans to the Operations Manual (if applicable). (Franchise Agreement, Section 9.C.);

5. Establish and communicate operating procedures, improvements to the System and modifications to the System in connection with your operation of the Franchised Business, services to be offered by you, products to be sold by you, Supplies to be purchased and used by you, and those systems and procedures to be used by you in connection with training of service employees and marketing and promotion of the Franchised Business. (Franchise Agreement, Article 10);

6. Use good faith efforts to approve or disapprove your proposed promotional and marketing materials within 10 business days after we receive them. (Franchise Agreement, Section 15.A.); and

7. Establish and administer a membership program, gift card program, loyalty program, and master insurance program for so long as we elect to do so. (Franchise Agreement, Sections 11.P., 15.F. and 16.B.).

We do not own and lease premises to franchisees. We generally do not help you conform your premises to local ordinances and building codes, obtain required permits, construct, remodel, or decorate the premises, or hire and train employees. However, we may provide guidance and direction regarding what we consider to be best practices in those areas in order to increase the likelihood that your development and operation of your franchise comply with our required standards and specifications.

Except as described above, the Franchise Agreement does not require us to provide any other assistance or services to you during the operation of the Franchised Business. As the Development Agreement relates to the development of Franchised Business, the Development Agreement does not require us to provide any other assistance or services during the operation of the Franchised Business.

DEVELOPMENT AGREEMENT

When you sign the Development Agreement, we will provide you site selection guidelines, including our then-current minimum standards for XP League Division sites and sources regarding demographic information, and such site selection counseling and assistance as we may deem advisable.

During the term of the Development Agreement, we will:

1. Evaluate each site application, and conduct on-site evaluation as we deem advisable in response to your request for site approval for each proposed site (through us or our appointed representatives). (Development Agreement, Section 5.1).
2. Upon your request, disclose to you the then-current franchise disclosure document and, upon your compliance with the Development Agreement and our requirements, issue and execute remaining franchise agreements pursuant to your Development Schedule. (Development Agreement, Section 4.3).

APPROVED LOCATION

If you operate the Franchised Business as a Mobile Division, then you may only provide the Services at Third Party Sites located within your Protected Area and maintain your business activities in your home Office. If you operate the Franchised Business as a Center, then the site that you select for your Center must be located within your Protected Area and this site must be approved by us (the "Approved Location"). You may provide Services at Third Party Sites located within your Protected Area. If you operate the Franchised Business as an Affiliated Division, then the Approved Location must be located on the premises of an Affiliated Brand. We will review the site that you propose for the Approved Location.

If you purchase a XP League Division and you do not already possess a location that we find acceptable when you sign our Franchise Agreement, we will provide you with procedures for locating, evaluating, and obtaining our approval of a site within the Site Selection Area. For us to review a proposed site for approval, you must submit to us such information as we may reasonably require. We will have twenty (20) business days after we receive all information from you to approve or disapprove, in our sole discretion, the proposed location for the Franchised Business. If you operate the Franchised Business as a Mobile Division, then you must, on terms that we deem acceptable, secure a lease or an agreement for access to and use of the approved site for a minimum of three (3) months. The lease or agreement must be submitted to us for our approval prior to its signing.

Under the Franchise Agreement, we will be deemed to have disapproved a proposed location unless we have expressly approved it in writing. In approving a location for a Franchised Business, we consider the population of the area, location, neighborhood, traffic patterns, visibility, parking facilities, size, lease,

and zoning. If you do not locate and secure an acceptable site by the Required Opening Date (defined below), you will be in default of your agreement with us for which we may terminate your agreement.

Under the Franchise Agreement, our approval (or failure to disapprove) of a site does not constitute an assurance, representation, or warranty of any kind, express or implied, as to the suitability of the site for the Franchised Business or for any other purpose, or as to any expected level of sales, revenues, or profits. Approval by us of the site indicates only that the site meets the minimum requirements for a XP League Division location.

LAYOUT

You are responsible for developing your Franchised Business. We will provide our standard plans and specifications for the furniture and fixtures of a prototype XP League Division. These plans are not intended, with respect to your location, to contain, address or comply with the requirements of any federal, state or local law, code or regulation, including those concerning the Americans with Disabilities Act (the "ADA") or similar rules governing public accommodations for persons with disabilities. We may from time to time change our plans and specifications.

You will be solely responsible for ensuring that your operations meet the requirements of the space in which you operate, as well as the ADA and all other applicable regulations, ordinances and requirements. We do not provide assistance in conforming the premises to local ordinances and building codes and obtaining any required permits, and/or constructing, remodeling, or decorating the premises. You must have access to your space for a minimum of three (3) months from the date of approval. You must submit to us for our approval, such information as we require to review compliance with our design standards for XP League Divisions, including such items as trade dress, presentation of Proprietary Marks, and the provision to the potential customer of certain products and services that are central to the functioning of XP League Divisions.

OPENING OF FRANCHISED BUSINESS

We estimate that the time between signing the Franchise Agreement and the start of operations will be approximately forty-five (45) to one hundred twenty (120) days. Your Franchised Business must be opened and operating under our requirements within one hundred twenty (120) days following the execution of the Franchise Agreement (the "Required Opening Date"), and you must begin paying the Minimum Royalty Fee to us on that date, regardless of whether your Franchised Business is operating. If you do not comply with the requirements with respect to your Training Completion Deadline (defined below) or Required Opening Date, we will place the Franchise Agreement in default and, if you do not cure the default within the time provided for cure, we may terminate the Franchise Agreement and you will receive no refund of any fees paid. Factors that may affect this time period include your ability to obtain a space in which to operate, your completion of training requirements, obtaining required licenses, and acquiring required equipment and an initial product inventory.

If you are a Center or an Affiliated Division, you must secure a site for your Franchised Business and sign a lease for the premises within six (6) months of signing the Franchise Agreement, and transition your mobile XP League business to this site within six (6) months after signing the lease.

If you sign a Development Agreement, you must sign individual Franchise Agreements and begin operating a Franchised Business under each of those agreements within the time provided for in the Development Schedule attached as Attachment B to that agreement. Under the Development Schedule, the Required Opening Date for the first Division will be one hundred and twenty (120) days from execution of the Development Agreement, and, if you are developed a Center or an Affiliated Division, the premises of the Franchised Business should be open within six months from signing the lease. Units 2 and 3 under the Development Agreement follow this schedule for opening.

COMPUTER SYSTEM

You must purchase or lease and install at the Franchised Business the point-of-sale system, computer system, hardware, software, associated computer hardware, telephone lines, network connections, communications systems. high speed internet access, credit card processing equipment, and other equipment that we require from time to time (collectively, the "Computer System"). The term Computer System currently includes, but is not limited to, one laptop computer, Microsoft Windows 7 (or more recent version), Microsoft Office Suite (including two Office 365 accounts), QuickBooks Online and Google Chrome. Our requirements may fluctuate as does the price and availability of new computer technology. As of the date of this disclosure document our requirements are described below. We have not approved any hardware or software in place of these systems and programs, although we reserve the right to do so in the future.

The current cost to purchase the required Computer System is approximately $2,920 to $3,920, which is subject to change. The current cost of QuickBooks Online is $20 to $40 per month, which is also subject to change. You are required to use other proprietary software that we designate from time to time, including to license specific aspects of your publisher requirements. You must pay us the Software Licensing and Event Registration Fees, which range in cost from $110 to $300 per month, to obtain a license to the gaming software for your franchise. We also require you use our designated software for performance analytics and training and evaluation tools, currently $100 per month, and while this license is currently included in our Technology Fee, we reserve the right to pass this fee on directly to our franchisees, or to require our franchisees to pay this amount directly to the software provider.

You may be required to sign a license or maintenance agreement, either with us or a vendor, to obtain and use certain required software. Neither we, our affiliates or a third party has any contractual obligation to provide maintenance, repairs, updates, or upgrades to your Computer System. We currently do not require that you maintain contracts for hardware and software maintenance, support and upgrade services for the communications and information systems. You will be required to maintain a high-speed internet connection at all times (i.e., T1 line, DSL, cable modem).

We charge a Technology Fee for products and services related to informational technology, including email, website management, and access to our electronic support systems and operating software, in connection with the Franchised Business and System, which you must begin to pay on the first day of the calendar month following the month in which you sign your Franchise Agreement. As of the date of this disclosure document, the Technology Fee is currently $350 per month (may be up to $500 per month), however we reserve the right to increase this fee to cover our costs in provision of such services.

You must provide us with unimpeded online access to your Computer System, including access to your QuickBooks account activity (which may require re-authorization from time to time), in the manner, form, and at the times requested by us. You must also provide us with access to any web-based video or camera feed of the Franchised Business.

We reserve the right to change our specifications in the future to take advantage of technological advances or to adapt the system to meet operational needs and changes. We may require you to bring any computer hardware and software, related peripheral equipment, communications systems into conformity with our then-current standards for new XP League Divisions. You must periodically make any upgrades and other changes to the Computer System and required software that we may request in writing. We estimate the cost of ongoing maintenance, repairs, upgrades, and updates for the current computer and point-of-sale systems to be $250 per year. We will endeavor to keep these changes infrequent and reasonable in cost, but the Franchise Agreement does not impose a limit as to the number or cost of such changes to the Computer System. Other than providing you with information regarding our specifications and requirements for the Computer System, we are not required to assist you in obtaining hardware, software, or related services.

You must provide us with independent access to your Computer System in the form and manner that we may request. We reserve the right to download sales, customer information, other operational details and data, and communications from your Computer System (which is what is generated by the Computer System). There is no contractual limitation on our right to receive this information. We will exclusively own all data provided by you, downloaded from your Computer System, and otherwise collected from your Computer System. We will have the right to use such data in any manner that we deem appropriate without compensation to you.

We will also have the right to establish a website or other electronic system providing private and secure communications (*e.g.*, an extranet or intranet) between us, our franchisees, and other persons and entities that we determine appropriate, which requires you to have high speed internet access at all times. If we require, you must establish and maintain access to the extranet or intranet in the manner we designate. Additionally, we may from time to time prepare agreements and policies concerning the use of the intranet that you must acknowledge and/or sign.

ADVERTISING

We have no obligation to conduct advertising, except through the NAF described below. If we conduct media advertising, we may use direct mail, print, radio, Internet, or television, which may be local, regional, or national in scope. We may produce the marketing materials in-house or employ a local, regional, or national advertising agency. We are not obligated to conduct any advertising or marketing programs within your market.

We have established and maintain a URL website promoting the System and identifying the location of XP League Divisions. You will participate in all system-wide promotions that we conduct. Our Standards allow us to require you to contract with Designated Suppliers for reputation management and net promoter score responses, as well as to allow us or the reputation management providers to respond to all website inquiries or other inquiries for all franchisees.

GRAND OPENING ADVERTISING

You must conduct a Grand Opening Advertising Program for the Franchised Business in accordance with the Standards set forth in the Manuals and using our required Designated Suppliers or our Affiliate. We will consult with you in planning the Grand Opening Advertising Program. You must spend a minimum of $8,000 for a Mobile Division and a minimum of $10,000 for a Center or Affiliated Division in connection with your Grand Opening Advertising Program. The media portion of this grand opening expenditure should be submitted to us for processing through our required Designated Supplier no later than six weeks prior to planned opening or once the grand opening media plan is submitted to you. If collected by us or an Affiliate, the Grand Opening Advertising funds are passed through and spent entirely on your Franchised Business, and not held in a fund. The grand opening expenditure amount is in addition to the other required advertising investments described in this Item 11. Any creative associated with your grand opening will be developed by us. Pre-opening and grand opening advertising will also consist of a variety of meetings with potential members, participation in local events, and public relations, marketing and advertising initiatives intended to publicize the opening of your Franchised Business.

NATIONAL ADVERTISING FUND

We administer the NAF for the creation and development of marketing, advertising, and related programs, campaigns, and materials for the implementation of our brand positioning. As noted in Item 6, you will pay to Franchisor a continuing, non-refundable monthly NAF Contribution of up to 5% of monthly Gross Sales; currently the NAF Contribution is 0% of Gross Sales. We reserve the right to suspend or increase the NAF Contribution at any time upon 60 days' prior notice to you; however, if we increase the NAF Contribution, the sum of the NAF Contribution, Advertising Cooperative Contribution, and Local Marketing Expenditure will not exceed 6% of Gross Sales (as allocated by us between the NAF Contribution, Advertising Cooperative Contribution, and the Local Marketing Expenditure) during any 12-

month period. Any corporate-owned XP League Division locations will contribute to the NAF at the same rate as franchisees.

We direct all initiatives related to the positioning of the brand using the NAF, including advertising and marketing programs (for example, research methods, branding, creative concepts and materials, sponsorships, and endorsements used in connection therewith); selection of geographic and media markets; and media placement and the allocation thereof. We may use the NAF to pay the costs of research (including product and services research and development), market research (for example, customer engagement with the brand, including design and décor, concept development, uniform design, customer service techniques, customer research and focus groups) creation and production of video, audio, electronic, and written advertising and marketing programs; administration of regional, multi-regional, and national advertising and marketing programs, customer research and surveys, and testing and related development activities; promotional events; purchasing and participating in national online, social media, radio, television, and billboard advertising and programming; employing marketing, advertising and promotional agencies to assist therewith; conducting community relations activities; supporting public relations, maintenance of the System Websites, and online presence; and other advertising, marketing, and promotional activities as we determine are appropriate for XP League Division businesses, the Proprietary Marks and the System. You will ultimately be responsible for the costs associated with the placement of any such marketing and media for the Franchised Business in your Protected Area. The NAF will furnish you with samples of advertising, marketing formats, promotional formats, and other materials at no additional cost when we deem appropriate. Multiple copies of those materials will be provided to you at your sole cost.

The NAF will be accounted for separately from our other funds, will not be used to defray any of our general operating expenses, but may be used to cover reasonable salaries, administrative costs, travel expenses, and overhead as we may incur in activities related to the administration of the NAF and its programs, including as described above and with respect to collecting and accounting for contributions to the NAF. We will not use NAF funds to solicit new franchise development. We will not act as trustee with respect to the NAF and have no fiduciary duty to you or your affiliates, owners or any other franchisees. We may spend on behalf of the NAF, in any fiscal year, an amount that is greater or less than the aggregate contributions to the NAF in that year, and the NAF may borrow from us or others to cover deficits or may invest any surplus for future use. All interest earned on monies contributed to the NAF will be used to pay advertising costs before other assets of the NAF are expended. The NAF will not be audited. We will, upon your written request (but no more than once annually) provide a copy of our unaudited annual statement of monies collected and costs incurred by the NAF. We have the right to cause the NAF to be incorporated or operated through a separate entity we own and manage if we deem it appropriate, and the successor entity will have all of the same rights and duties.

Although we endeavor to utilize the NAF to develop advertising and marketing materials and programs and to place advertising that will benefit the System, we have no obligation to ensure that expenditures by the NAF in or affecting any geographic area are proportionate or equivalent to the contributions to the NAF by Division businesses in that geographic area, or spent marketing your Divisions. Nor are we under any obligation to ensure that any franchisee will benefit directly or in proportion to its NAF Contribution from the development of advertising and marketing materials or the placement of advertising. Except as expressly provided in the Franchise Agreement, we assume no direct or indirect liability or obligation to you with respect to collecting amounts due to, or maintaining, directing, or administering the NAF. We reserve the right to suspend or terminate (and, if suspended or terminated, to reinstate) the NAF. If the NAF is terminated, all unspent monies on the date of termination accrued will be distributed to franchisees in proportion to their respective contributions to the NAF accrued during the preceding three-month period, and those amounts will be spent on local marketing.

In our last fiscal year ended December 31, 2022, we did not create or maintain an NAF.

UNLEASHED FUND

We have the right to establish an advertising fund separate from the NAF, which we call the Unleashed Fund. You will not contribute directly to the Unleashed Fund. The Unleashed Fund is identical to the NAF except that the funds are spent marketing all brands under the Unleashed Services umbrella; these brands currently include Urban Air Adventure Park, Snapology, TLG, PMA, Class 101, and XPL, but may include other brands in the future (collectively, the "Unleashed Brands Portfolio"). When the Unleashed Fund is established, the NAF may contribute up to 5% of its monthly balance to the Unleashed Fund. All of the Unleashed Brands Portfolio are expected to contribute to the Unleashed Fund, except the percentage contributed by each Unleashed Brand's fund may vary. Only the Unleashed Brands Portfolio that contribute to the Unleashed Fund are included in the advertising conducted by the fund. The Unleashed Fund is not audited, and we are not required to provide you a report of Unleashed Fund. We will have the right to cause the Unleashed Fund to be incorporated or operated through a separate entity our affiliates own and manage if we deem it appropriate, and the successor entity will have all of the same rights and duties.

If we are required to do so by your state law (for example, Maryland), we will within 60 days after your written request (but no more than once annually) provide a copy of our unaudited annual statement of monies collected and costs incurred by the Unleashed Fund. In our last fiscal year ended December 31, 2022, we did not create or maintain an Unleashed Fund.

LOCAL MARKETING EXPENDITURE

You must make the Local Marketing Expenditure, as may be amended by us periodically, but which, when combined with the NAF Contribution and Advertising Cooperative Contribution, will not exceed 6% of Gross Sales (as allocated by us between the NAF Contribution, the Advertising Cooperative Contribution, and the Local Marketing Expenditure) during any 12-month period. The Local Marketing Expenditure is the greater of $500 per month or 6% of Gross Sales. At our request, you must provide us copies of invoices and other documentation reasonably satisfactory to us to evidence your compliance with this obligation. If we determine that you have failed to comply with the Local Marketing Expenditure requirement for any period, we may notify you of any additional amounts that you must spend (up to the then-current percentage of Gross Sales required by us) on local marketing, and if you have not spent such additional amounts (in addition to any ongoing marketing requirements) within the time period required by us, we may collect those unspent amounts directly from your account and contribute them to the NAF, without any liability or obligation to use such funds for your local advertising. Alternatively, at our discretion, we may collect all or a portion of these Local Marketing Expenditure monies from you and place the advertising on your behalf.

You must focus your marketing activities within your Protected Area. You may engage in direct marketing activities in the Protected Area only. "Direct marketing activities" include personal solicitations, direct mailings, sporting event sponsorships and advertising, and school event sponsorships and advertising but do not include web site advertising or targeted emails or text messages to existing customers. We may develop policies and procedures that apply to all types of advertising and marketing efforts, including social media advertising, and you must comply with those policies and procedures. You may not conduct marketing activities outside of your Protected Area, unless we provide you written consent specifically identifying the additional areas and time frame in which you may market outside of your Protected Area.

Your promotional and marketing materials must comply with applicable law and conform to our standards and specifications related to advertising, marketing, and trademark use. You must submit to us samples of proposed promotional and marketing materials, and notify us of the intended media, before first publication or use. We will use good faith efforts to approve or disapprove proposed promotional and marketing materials within 10 business days after receipt. You may not use the promotional or marketing materials until we expressly approve the materials and the proposed media. Once approved, you may use

the materials only in connection with the media for which they were approved. We may disapprove your promotional or marketing materials, or the media for which they were approved, at any time, and you must discontinue using any disapproved materials or media upon your receipt of written notice of disapproval.

ADVERTISING COOPERATIVE

If we believe that two or more XP League Division businesses may benefit by pooling their advertising dollars, we may form a local or regional Advertising Cooperative for this purpose. If we form an Advertising Cooperative for the region in which your Franchised Business is located, your membership to the advertising cooperative is automatic, and you must participate in the Advertising Cooperative. Contributions to the Advertising Cooperative will be credited toward your Local Marketing Expenditure. We have the right to create, dissolve, and merge advertising cooperatives. We will also have the power to require Advertising Cooperatives to be formed, changed, dissolved, or merged, and to create and amend their governing documents. No advertising cooperative has yet been created and, therefore, no governing documents are available for your review.

Governing documents will provide that any Advertising Cooperative created under authority of the Franchise Agreement will (1) operate by majority vote, with each XP League Division business (whether franchised or affiliate-owned or managed) being entitled to one vote, (2) entitle us to cast one vote (in addition to any votes we may cast for affiliate-owned locations), (3) permit the members of the Advertising Cooperative, by majority vote, to determine the amount of required contributions, and (4) provide that any funds left in the Advertising Cooperative at the time of its dissolution be returned to the members in proportion to their contributions made during the 12-month period immediately preceding dissolution. All members (including company-owned and our affiliate-owned locations) will contribute at the same rate. The majority vote will determine the level of contributions. We do not currently expect that company-owned or affiliate-owned XP League Division businesses will have majority voting power in any Advertising Cooperative, but if they do, the required contribution to the Advertising Cooperative for each member will not exceed $10,000 per year without consent of a majority (*i.e.*, 51%) of franchisee members of such Advertising Cooperative.

ADVERTISING COUNCIL

There currently are no franchisee advertising councils or advertising cooperatives that advise us on advertising policies. In our discretion, we reserve the right to establish an advisory council of franchisees that does advise us on advertising policies and other matters.

WEBSITES

Websites (as defined below) are considered as "advertising" under the Franchise Agreement, and are subject (among other things) to our review and prior written approval before they may be used (as described above). As used in the Franchise Agreement, the term "Website" means an interactive electronic document, contained in a network of computers linked by communications software, that you operate or authorize others to operate and that refers to the Franchised Business, Proprietary Marks, us, or the System. The term Website includes, but is not limited to, Internet and World Wide Web home pages. In connection with any Website, the Franchise Agreement provides that you may not establish a Website, nor may you offer, promote, or sell any products or services, or make any use of the Proprietary Marks, through the Internet without our prior written approval. As a condition to granting any such consent, we will have the right to establish any requirement that we deem appropriate, including among other things a requirement that your only presence on the Internet will be through one or more web pages that we establish on our Website.

PRICING

We may, if permitted by applicable law, establish maximum, minimum, or other pricing requirements with respect to the prices you may charge for products and services, including required participation in

systemwide discount programs and promotions. If we do not establish such pricing requirements, then you will have the right to determine the prices you charge.

TRAINING

You must complete your initial training within ninety (90) days following execution of the Franchise Agreement (the "Training Completion Deadline") and at least thirty (30) days in advance of the scheduled opening of your Franchised Business. If you have more than one Franchise Agreement with us, we may, at our option, provide this training one time for multiple agreements. You (or, if you are other than an individual, your Designated Manager) must attend and successfully complete, to our satisfaction, the initial training program that we offer at a location designated by us, which may be a physical location or may be provided virtually. We will bear the cost of the initial training program (instruction and required materials) for up to two (2) people. You will be responsible to pay our then-current cost for additional persons to attend which is currently $500 per additional person. You will bear all other expenses incurred in attending training, such as the costs of transportation, lodging, meals, wages, and worker's compensation insurance (see Items 6 and 7 of this disclosure document).

If you (or the Designated Manager) cease active employment in the Franchised Business, then you must enroll a qualified replacement (who must be reasonably acceptable to us) in our initial training program promptly following cessation of employment of said individual. We reserve the right to require you to pay our per diem training dee which is currently $50 per day per trainer. You may be permitted to provide such training directly, provided you meet our then-current standards for qualifying as a training facility. We have the right to review any personnel you trained and to require that such persons attend and complete, to our satisfaction, our initial training program.

If you request additional training or assistance, and if we desire to provide this training or assistance in our sole discretion, we may charge you our then-current per diem training fee, which is currently $500 per day per trainer, for the additional training provided; and you will also have to reimburse us for all out-of-pocket costs and expenses associated with the additional training, including lodging, food and travel arrangements of the trainers.

The subjects covered in the initial training program are described below. The instructional materials for our training program include the Manuals and training guides. Initial training programs are scheduled throughout the year on an as needed basis. We have the right to change the duration and content of our initial training program.

TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
Pre-Training materials	10	0	Online
Operations and Systems	24	0	As we determine, online, Bedford, Texas, Raleigh, North Carolina, or at our designated locations
Post-Training materials	10	0	Online
Total	44	0	-

The initial training, as described above, may be conducted virtually, at our headquarters in Raleigh, North Carolina, Bedford, Texas, or at designated XP Divisions. Pre-opening training and opening assistance will also be conducted on-site at your Franchised Business for a period of time as is deemed required by us.

Currently, our training staff is run by Dave Ryan, our Director of Operations, whose has been our primary person in charge of training since January 2023. Mr. Ryan has more than four years of experience operating XP Leagues. We may use other instructors in addition to our training staff to conduct our training programs. Our additional instructors generally have a minimum of one (1) year of experience in either operations or training and development, and demonstrated successful operations and performance.

In addition to the above, each of your coaches are required to obtain a Coaching Certification with through our exclusive proprietary program administered by Next Level Esports prior to providing coaching services at your Franchised Business, as well as any continuing education as deemed necessary on an ongoing basis. The certification is provided through our mandatory vendor at a cost of $110 per coach.

We require that you attend our annual conference. If you cannot attend and we excuse your absence, you must send your Designated Manager in your place. In addition to the current $500 fee per person in attendance, you will be responsible for all conference -related costs and expenses, including compensation, travel, accommodations, wages, and meals for your attendees. If you or your representative does not attend, you must pay us a conference materials fee of $1,000 and we will provide you with relevant training materials form the annual conference. We also may require you to attend additional training or refresher courses from time to time.

MANUALS

You will be required to comply with all of the specifications, procedures, and standards set out in our Manuals, the table of contents of which are provided in Exhibit G, and which Manuals are subject to change in our discretion. Our Manuals contain a total of 134 pages.

ITEM 12
TERRITORY

FRANCHISE AGREEMENT

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

The size and scope of the Protected Area will be contained in the Franchise Agreement and will be determined, in our sole discretion, either before you sign the Franchise Agreement or, if granted a Site Selection Area, during the site application process based upon various factors such as (a) whether the Approved Location is an urban area or a suburban area; (b) the number of residents living in the area; and (c) the number of elementary and middle school aged children; among other factors. Because each location is different, the Protected Area for each Franchised Business will be different; however, each Protected Area will generally contain a minimum of 8,000 children between the ages of five and 15. The Protected Area is not the same area as, and will be smaller than, the Site Selection Area in which you will be looking for a site.

The boundaries of your Protected Area may be altered only by written consent of the parties, except as provided in your Franchise Agreement with respect to any default of your representations, warranties, covenants, or obligations therein. If you operate the Franchised Business as a Mobile Division, then you may only provide the Services at Third Party Sites located within your Protected Area and maintain your business activities in your home Office. If you operate the Franchised Business as a Center or Affiliated Division, then you may provide Services from your Approved Location and at Third Party Sites located within your Protected Area. If you co-brand with an Affiliated Brand, your Protected Area may be different from the protected area granted under the Affiliate Brand's franchise agreement.

You are permitted to provide Services at Third Party Sites within your Protected Area and are prohibited from providing Services outside of your Protected Area, unless we allow you to do so by providing you with written permission. If you are in compliance with your Franchise Agreement and if you receive a bona fide referral for an event or location outside of your Protected Area, and it is not in the protected territory of another XP League franchisee, we may provide you permission to service that event or location, on the condition that we may require you to cease providing Services outside of your Protected Area upon notice from us.

If, during the term of the Franchise Agreement, you wish to relocate your Franchised Business, or if the Franchised Business is damaged or destroyed and cannot be repaired within sixty (60) days, you must submit to us in writing the materials required to consider your request, including information concerning the proposed new location for the Franchised Business and our Relocation Fee (see Item 6). You must also meet certain other requirements, including but not limited to being in compliance with the Franchise Agreement, and the location meets our then-current requirements for an XP League Division and is located within your Protected Area. If we permit you to relocate, you will not pay a new Franchise Fee when you sign the new Franchise Agreement.

You may sell products and services to retail customers and prospective retail customers who live anywhere but who choose to play in your XP League Division. You may not engage in any promotional activities or sell products or services, whether directly or indirectly, through or on the Internet, the World Wide Web, or any other similar proprietary or common carrier electronic delivery system; through catalogs or other mail order devices sent or directed to customers or prospective customers located anywhere; or by telecopy or other telephonic or electronic communications, including toll-free numbers, directed to or received from customers or prospective customers located anywhere. You may not place advertisements in printed media and on television and radio, or gorilla marketing tactics that are targeted to customers and prospective customers located outside of your Protected Area. You have no options, rights of first refusal, or similar rights to acquire additional franchises. You may not sell the products to any business or other customer for resale purposes.

Although we have not done so, we and our affiliates may (without restriction) sell products and services under the Proprietary Marks within and outside your Protected Area through any method of distribution other than a XP League Division, including sales through such channels of distribution as wholesalers, distributors, mail-order, toll-free numbers, the Internet, catalog sales, telemarketing or other direct marketing sales (together, "Alternative Distribution Channels"). We need not compensate you for soliciting and/or conducting this type of business within your Protected Area. You may not use Alternative Distribution Channels to make sales outside or inside your Protected Area and you will not receive any compensation for our sales through Alternative Distribution Channels.

We have not yet established and do not presently intend to establish other franchises or company-owned or affiliate-owned outlets or another distribution channel selling or leasing similar products or services under a different trademark, but we reserve the right to do so in the future, without first obtaining your consent.

DEVELOPMENT AGREEMENT

If you sign a Development Agreement, the Development Agreement will specify the Development Area within which you may locate potential sites for XP League Divisions, subject to our approval. The size and scope of the Development Area will be determined on a case-by-case basis, as we mutually agree upon prior to signing the Development Agreement and will be specified in the Development Agreement. The factors that we consider in determining the size of a Development Area include current and projected market demand, demographics and population, traffic patterns, location of other XP League Divisions, your financial and other capabilities, the number of XP League Divisions you wish to develop and our development plans.

Under the Development Agreement, you will have the right to develop, open, and operate multiple Franchised Business. Each Franchised Business must be developed and opened according to our then-current Standards and other approval requirements. We will determine or approve the location of future Franchised Business and any protected territories for those Franchised Business based on our then-current Standards for sites and protected territories.

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

During the term of the Development Agreement, if you comply with the obligations under the Development Agreement and all of the Franchise Agreements between you (and your affiliates) and us, we will not establish or operate, or license anyone other than you to establish or operate, an XP League Division in the Development Area. We are not required to compensate you for soliciting and/or conducting business within your Development Area. Except as described below, there are no circumstances under which the Development Agreement may be altered prior to expiration or termination of the Development Agreement. Your territorial protection is not dependent upon achievement of a certain sales volume, or other factors, other than compliance with the Development Agreement and Development Schedule.

If you do not comply with a deadline under the Development Schedule, you will be in default under the Development Agreement. Accordingly, we may terminate your Development Agreement, or we may elect to take one or more of the following actions: (a) eliminate the territorial protection or reduce the scope of protections granted to you within the Development Area; (b) reduce the scope of the Development Area; (c) reduce the number of Franchised Business for you to develop; or (d) retain all Development Fees paid to us. If we elect to take one or more of these actions, we will provide written notice of such action, and the Development Agreement will be amended to reflect the changes.

Our Reserved Rights under the Franchise Agreement and Development Agreement

Under both the Franchise Agreement and Development Agreement, we and our affiliates retain all the rights that we do not specifically grant to you. Among the rights that we retain are the following (the following list is only for purposes of illustration and is not meant to limit our rights):

(1) We may own, acquire, establish, and/or operate and license others to establish and operate businesses, including XP League Divisions operating under the Proprietary Marks and the System selling the products and services at any location outside your Protected Area or Development Area regardless of their proximity to, or potential impact on, your Protected Area or Development Area or Franchised Business.

(2) We may own, acquire, establish and/or operate, and license others to establish and operate, businesses under proprietary marks other than the Proprietary Marks, whether such businesses are similar to or different from the Franchised Business, at any location within or outside the Protected Area or Development Area, notwithstanding their proximity to the Protected Area or Development Area or the Approved Location or their actual or threatened impact on sales of the Franchised Business.

(3) We may sell and distribute, directly or indirectly, or to license others to sell and to distribute, directly or indirectly, any products through wholesalers to third parties or through mail order, toll free numbers, the Internet, mobile or temporary locations, or other alternative channels of distribution, including those products bearing our Proprietary Marks, provided that distribution within the Protected Area or Development Area shall not be from a XP League Division established under the System that is operated from within the Protected Area or Development Area.

(4) We may produce, offer, and sell, and grant others the right to produce, offer and sell, certain products offered at XP League Divisions and any other goods displaying the Proprietary Marks or other trademarks through alternative distribution channels.

(5) We may develop and license the use of, at any location, any marks, other than the Proprietary Marks, in connection with the operation of a program or system which offers or distributes products or services which are the same or similar to those offered under the System on any terms and conditions which we deem appropriate.

(6) We may be acquired (regardless of the form of transaction) by a business identical or similar to the System.

(7) We may engage in any other business activity not expressly prohibited by the Franchise Agreement or Development Agreement, as applicable.

Additionally, during the term of your Area Development and Franchise Agreement, we may (i) acquire one or more retail businesses that are the same as, or similar to, XP League Divisions then operating under the System (each an "Acquired Business"), which may be at any location within or outside the Protected Area or Development Area, notwithstanding their proximity to the Protected Area or Development Area or the Approved Location or their actual or threatened impact on sales of the Franchised Business, and we may (ii) operate and/or license others to operate any Acquired Business under its existing name or as a XP League Division under the System at any location. If we operate and/or license others to operate any Acquired Business, then the following terms apply:

(1) If you are in compliance with your agreements with us, then for any Acquired Business that is both located within your Protected Area or Development Area and is purchased by us for operation by us or our affiliates, we may, in our discretion, offer you the option to purchase and operate, as an XP League Division, those Acquired Business(es). If we choose to offer you this option, we will provide you with written notice of our purchase of such Acquired Business(es), the terms and conditions applicable to your option to purchase such Acquired Business(es), and such other information that we deem necessary to include in the notice. The terms and conditions offered to you will include, without limitation, the following: (a) the purchase price for such Acquired Business will be based on our purchase price for such Acquired Business, and if the Acquired Business was part of an Acquired System (as defined below), then the purchase price will be determined using a ratio equal to the sales of such Acquired Business during the prior year, as compared to the total sales during such year of all Acquired Businesses that we purchased in the same transaction; and (b) the requirement that you enter into our then-current form of System franchise agreement for the Acquired Business, provided that you will not be required to pay an Initial Franchise Fee for an Acquired Business. If you do not elect to purchase, or fail to complete the purchase of, an Acquired Business, we shall have the right to operate the Acquired Business ourselves, or through its affiliates or third-party licensees or franchisees, under any trade name or trademarks including the Proprietary Marks.

(2) If an Acquired Business is part of a system of retail businesses that we acquire (an "Acquired System"), we may also license to a licensee or franchisee under the Acquired System additional units of the Acquired System that the licensee or franchisee has the right to develop and operate within the Protected Area or Development Area.

ITEM 13
TRADEMARKS

We own the following Proprietary Marks, which have been registered on the Principal Register of the U.S. Patent and Trademark Office (the "USPTO"). All required affidavits have been filed.

Proprietary Mark	Registration Number	Registration Date	International Class
XP League (standard character)	6633152	February 1, 2022	41

Proprietary Mark	Registration Number	Registration Date	International Class
	6933088	December 27, 2022	41

We own and have applied to register the following marks ("Pending Proprietary Mark") on the Principal Register of the U.S. Patent and Trademark Office:

Pending Proprietary Mark	Serial Number	Filing Date
	97073135	October 13, 2021
	97073626	October 13, 2021
	97504904	July 15, 2022

We do not yet have federal registrations for the Proprietary Marks appearing in the second table above. Therefore, those Proprietary Marks do not have many legal benefits and rights as a federally-registered trademark. If our right to use those Proprietary Marks is challenged, you may have to change to an alternative trademark, which may increase your expenses.

We intend to renew the registration of these Proprietary Marks at the times required by law. All affidavits required to date for these marks have been or will be filed. We claim common law trademark rights in the names of our instructional classes, which may change.

There are no currently effective determinations of the United States Patent and Trademark Office ("USPTO"), the trademark trial and appeal board, the trademark administrator of any state or any court, nor any pending infringement, opposition, or cancellation proceeding, nor any pending material litigation

involving the Proprietary Marks which is relevant to their ownership, use, or licensing. There is no pending material federal or state court litigation regarding our use or ownership rights in any trademark.

USE OF PROPRIETARY MARKS

There are no agreements currently in effect that significantly limit our rights to use or to license the use of the Proprietary Marks in any manner material to the Franchised Business. We are not aware of any superior prior rights or infringing uses that could materially affect your use of the Proprietary Marks in any state. We know of no other agreements currently in effect which significantly limit our rights to use or license the use of the Proprietary Marks in any manner material to you.

You must use the Proprietary Marks in full compliance with provisions of the Franchise Agreement and according to the trademark usage guidelines and rules we periodically prescribe. You may not use any Proprietary Mark as a part of your corporate name or with any prefix, suffix, or other modifying words, terms, designs, or symbols (other than logos licensed by us to you) and you may not use them to incur any obligation or indebtedness on our behalf. You may not use any name or mark associated with the sale of any unauthorized product or services in any other manner not explicitly authorized in writing by us.

You may use only the Proprietary Marks that we designate, must use them only in the manner that we authorize and permit, and must use them with the symbols, "®," "™," or "SM," as appropriate. You may use the Proprietary Marks only in connection with the operation and promotion of the Franchised Business, and only in the manner we prescribe. You may not contest ownership or validity of the Proprietary Marks or any registration of the Proprietary Marks, or our right to use or to sublicense the use of the Proprietary Marks. You must sign all documents that we require to protect the Proprietary Marks and to maintain their validity and enforceability.

INTERNET AND SOCIAL MEDIA USAGE

You may not cause or allow all or any recognizable portion of the Proprietary Marks to be used or displayed as all or part of an e-mail address, Internet domain name, uniform resource locator ("URL"), or meta-tag, or in connection with any Internet home page, web site, mobile channels, or any other Internet-related activity without our express written consent, and, then, only in a manner and consistent with our procedures, standards and specifications. This prohibition includes use of the Proprietary Marks or any derivative of the Proprietary Marks as part of the registration of any username on any gaming website, personal blogs or social networking website including Facebook, LinkedIn, Yelp, Pinterest, Instagram, TikTok, or Twitter, or any virtual worlds, file sharing, audio sharing and video-sharing sites. (Franchise Agreement, Section 15.D.) You must comply with our social media and networking policies, which will be provided to you in the Manual and which may be modified, amended, or terminated by us at any time

You may not establish or maintain a web site or other presence on the World Wide Web portion of the Internet, including gaming websites or social networking websites such as Facebook, LinkedIn, Yelp, Pinterest, Instagram, Tik Tok or Twitter, that reflects any of the Proprietary Marks or any of our copyrighted works, including the term "XP League" or "XPL" as part of its URL or domain name, that otherwise states or suggests your affiliation with us or the System, or that uses or displays any collateral merchandise offered at the Franchised Business, without our express written consent, and, then, only in a manner and consistent with our procedures, standards and specifications. (Franchise Agreement, Section 13.D.) We will create all social media accounts related to the Franchised Business and license such accounts to you for use in promoting the Franchised Business while the Franchise Agreement is in effect. (Franchise Agreement, Section 15.G.) Our social media and networking policies will be provided to you in the Manual, or other written communication, and may be modified, amended, or terminated by us at any time. (Franchise Agreement, Sections 15.A. and 15.D.)

INFRINGEMENT

If there is any infringement of, or challenge to, your use of any name, mark, or symbol, you must immediately notify us, and we may take any action that we deem appropriate, in our sole discretion. The Franchise Agreement does not require us to take affirmative action if notified of the claim. We have the right to control all administrative proceedings or litigation involving your use of the Proprietary Marks. The Franchise Agreement does not require us to participate in your defense or to indemnify you for expenses or damages if you are a party to an administrative or judicial proceeding based on your use of the Proprietary Marks, or if the proceeding is resolved unfavorably to you. We have the right to designate one or more new, modified or replacement Proprietary Marks for your use and to require you to use the new, modified or replacement Proprietary Marks in addition to or in lieu of any previously designated Proprietary Marks. You must comply with the directive, at your expense, within 60 days following your receipt of written notice of the change. These rights arise only under the Franchise Agreement.

ITEM 14
PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

PATENTS

No patents or pending patent applications are material to the operation of your Franchised Business.

COPYRIGHTS

We claim copyright protection covering various materials used in our business and the development and operation of XP League Divisions, including the Manuals, advertising and promotional materials, our website, and similar materials. We have not registered these materials with the United States Registrar of Copyrights, but we are not required to do so.

There are no currently effective determinations of the United States Copyright Office or any court, nor any pending litigation or other proceedings, regarding any copyrighted materials. No agreement limits our rights to use or allow franchisees to use the copyrighted materials. We do not know of any superior prior rights or infringing uses that could materially affect your use of the copyrighted materials. No agreement requires us to protect or defend our copyrights or to indemnify you for any expenses or damages you incur in any judicial or administrative proceedings involving the copyrighted materials. If we require, you must immediately modify or discontinue using the copyrighted materials. You do not have any rights to compensation because of any discontinuance or modification.

Any and all copyrights and all rights, title, and interest in advertising and promotional materials that you develop or prepare (or that are prepared by someone on your behalf) or that bear any Proprietary Marks will belong to us. You must sign any documents we reasonably deem necessary to evidence our right, title, and interest in and to any advertising and promotional materials. We will have the right to use these materials and to provide them to other franchisees of the System, without compensation to you, regardless of how the materials were developed. Additionally, we may from time to time require that you sign a license agreement for the use of proprietary materials that we provide to you in an electronic format.

CONFIDENTIAL INFORMATION

Except for the purpose of operating the Franchised Business under a Franchise Agreement and developing Franchised Business under a Development Agreement, you may never (during Franchise Agreement's term or later) communicate, disclose, or use for any person's benefit any of the confidential information, knowledge, or know-how concerning the development and operation of the Franchised Business that may be communicated to you or that you may learn by virtue of your operation of a XP League Division. You may divulge confidential information only to those of your employees who must have access to it in order to operate the Franchised Business. Any information, knowledge, know-how, and techniques that we designate as confidential will be deemed "confidential" for purposes of the Franchise Agreement and the Development Agreement. However, this will not include information that you can show

came to your attention before we disclosed it to you; or that at any time became a part of the public domain, through publication or communication by others having the right to do so.

In addition, we may require you, your Designated Manager, other owners, managers, and your employees with access to confidential information to sign confidentiality agreements or obligate themselves to such covenants. Each of these covenants must provide that the person signing will maintain the confidentiality of information that they receive in their employment or affiliation with you or the Franchised Business. These agreements must be in a form that we find satisfactory, and in some cases include, among other things, specific identification of our company as a third-party beneficiary with the independent right to enforce the covenants. Our current forms of these agreements are included as Attachment D to the Franchise Agreement (which is included in this disclosure document, see Item 22).

CONFIDENTIAL MANUALS

In order to protect our reputation and goodwill and to maintain high standards of operation under our Proprietary Marks, you must conduct your business in accordance with the Manuals. We will lend you one set of our Manuals for the term of the Franchise Agreement, which you must return to us at the expiration or termination of the Franchise Agreement. The Manuals may consist of multiple volumes of printed text, computer disks, other electronic stored data, videotapes, and periodic updates or bulletins that we issue to franchisees and others operating under the System. You must treat the Manuals, all supplements and revisions to the Manuals, including bulletins and the information contained in them, as confidential, and must maintain this information (whether in written or electronic format) as secret and confidential. You must not reproduce these materials (except for the parts of the Manuals that are meant for you to copy, which we will clearly mark as such) or otherwise make them available to any unauthorized person. The Manuals will remain our sole property. You must keep them in a secure place.

We may revise the contents of the Manuals, and you must comply with each new or changed standard. We will notify you in writing of revisions to the Manuals. You must ensure that the Manuals are kept current at all times. If there is a dispute as to the contents of the Manuals, the terms of the master copies that we maintain at our home office will control.

You must disclose to us all ideas, concepts, methods, techniques, and products conceived of or developed by you, your affiliates, owners, or employees during the term of the Franchise Agreement relating to the development and/or operation of your Franchised Business. Under the Franchise Agreement you grant to us a perpetual, non-exclusive, and worldwide right to use any such ideas, concepts, methods, and techniques in all XP League Divisions in the System.

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

FRANCHISE AGREEMENT

The Franchised Business must be supervised at all times by a person who assumes the responsibilities of general management, and full-time responsibility for daily supervision and operation, of your Franchised Business (the "Designated Manager"). The Designated Manager may be an Owner, or a general manager. Your Designated Manager or Owner must attend and complete to our satisfaction our initial training program and all other training that we require. The Designated Manager must devote his or her full-time, in person on a daily basis, to the supervision, operation, and conduct of the Franchised Business, and sign and deliver to us a Confidentiality and Noncompete Agreement in the form attached as Attachment E to the Franchise Agreement. If your Designated Manager is not an Owner, he or she must also sign the Confidentiality and Noncompete Agreement. We must approve your Designated Manager. We highly recommend, but do not require, that your Designated Manager own an equity interest in the Franchisee if the Franchisee is a business entity. If your Designated Manager ceases to serve in, or no longer qualifies for, the position, you must designate another qualified person to serve as your Designated Manager within

30 days. Your proposed replacement Designated Manager must successfully complete the initial training program and sign and deliver to us a Confidentiality and Noncompete Agreement before assuming Designated Manager responsibilities.

Neither you, your Designated Manager may own, maintain, advise, operate, engage in, be employed by, make loans to, invest in, provide any assistance to, or have any direct or indirect interest in (as owner or otherwise) or relationship or association with, any business that competes with XP League businesses or any of the products or services they offer. You also may not disclose any information contained in our Manual or other information proprietary to the System. Each Owner (regardless of the limitation of their ownership percentage in the Franchised Business), Designated Manager, any supervisors, and other key employees having access to our Manual and proprietary information must sign a Confidentiality and Non-Competition Agreement substantially in the form of Attachment E to the Franchise Agreement.

Each Owner of the franchise or the franchisee entity must sign an Undertaking and Guaranty substantially in the form of Attachment D to the Franchise Agreement to personally guarantee to us that you will perform all obligations under the Franchise Agreement in a timely manner according to the respective terms of the Franchise Agreement. "Owner" means you if you are an individual, or each individual or entity holding more than a ten percent equity interest in you if you are a business entity (regardless of voting rights), and the franchisee individual(s) or entity(ies) that enter into the Franchise Agreement if you are a business entity. It includes all officers, directors, and shareholders of a corporation, all managers and members of a limited liability company, all general and limited partners of a limited partnership, and the grantor and the trustee of the trust. If any Owner is a business entity, then the term "Owner" also includes the Owners of that business entity. Unless your spouse is an Owner, they will not be required to sign a personal guaranty.

The franchisee is required to be a business entity formally organized in the state of your choosing. If the franchise agreement was signed under the franchisee's individual capacity, then such individuals are required to execute the then-current form of the assignment and assumption agreement assigning the franchise agreement to your business entity within 30 days of the effective date of the franchise agreement. Our current template form of the assignment and assumption agreement is included in this disclosure document under Exhibit J.

DEVELOPMENT AGREEMENT

You must appoint a person to serve as the "Designated Principal" who is an Owner of the Developer. The Designated Principal will be responsible for general oversight and management of the development of the Franchised Businesses under the Development Schedule. Once each Franchised Business is open, the Developer or Designated Principal may appoint another to serve as Designated Manager for that Franchised Business. Each Owner and Designated Principal of the Developer must sign an Undertaking and Guaranty substantially in the form of Attachment D to the Development Agreement to personally guarantee to us that you will perform all obligations under the Development Agreement in a timely manner according to the respective terms of the Development Agreement.

ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You may sell and provide only products and services that we have approved in writing, and which conform to our standards and specifications. We have the right, without limit, to change the types of authorized products and services. You must carry and sell all products (and offer and sell all services) that we approve and specify to be offered by all XP League Divisions, unless we otherwise provide our written approval.

You may only sell to retail customers at or from the Approved Location. If you wish to engage in off-premises activities, you may apply in writing for our approval to do so. If we provide our approval, you may engage in these activities if you comply with the programs, policies terms, and conditions that we may establish from time to time. Additionally, you may not engage in any other type of sale, offer to sell,

or distribution of products or services, except with our prior written consent. For example, you may not sell products by catalog, mailing, toll free numbers, or by use of the Internet.

You must not use the Franchised Business for any other business or operation or for any other purpose or activity at any time without first obtaining our prior written consent. You must keep the Franchised Business open and in normal operation for the minimum hours and days as we may specify. You must operate the Franchised Business in strict conformity with the methods, standards, and specifications as we prescribe in the Manuals or in writing.

We administer a multi-tier membership program for XP League Divisions ("Membership Program"). You must participate in the Membership Program. In connection with the offer and sale of memberships for the Membership Program at your Franchised Business, you must comply with the Standards for the Membership Program, including Membership Program tiers, pricing and other terms and conditions we may establish periodically. We or our Designated Supplier will administer the Membership Program, and we reserve the right to modify the structure of such Membership Program and benefits of membership at any time upon notice to you. In connection with the sale of each membership, the customer must enter into a membership agreement in the form required by us and pay the applicable Membership Program dues.

We and our affiliates have the right, through the point-of-sale or other technology system components, or otherwise, to independent and unrestricted access to lists of the Franchised Business's members and prospects, including names, addresses and other related information ("Member Information"). We and our affiliates may use Member Information in our and their business activities, but, during the term of the Franchise Agreement, we and our affiliates will not use the Member Information that we or they learn from you or from accessing the point-of-sale or other technology system components to compete directly with the Franchised Business. Upon termination of the Franchise Agreement, we and our affiliates reserve the right to make any and all disclosures to the members of your Franchised Business and use the Member Information in any manner that we or they deem necessary or appropriate.

We reserve, to the fullest extent permitted by then-applicable law, the right to establish policies and programs regarding pricing of products and services, including, but not limited to, establishing the maximum and minimum retail prices and membership program prices, recommending retail and membership program prices, advertising specific retail prices for some or all products or services sold at your Franchised Business, and developing and advertising price promotions or package promotions. We may compel you to observe, honor, and participate in any such policies or programs we establish.

ITEM 17
RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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

FRANCHISE AGREEMENT

Provision	Section in Franchise Agreement	Summary
(a) Length of the franchise term	Section 2.A.	Five (5) years from the effective date of the Franchise Agreement.
(b) Renewal or extension of the term	Section 2.B.	If you are in good standing, you may elect to continue operating the franchise for three additional, consecutive five-year successor terms. You must pay us a renewal fee equal to

Provision	Section in Franchise Agreement	Summary
		25% of our then-current initial franchise fee plus reimbursement of our legal and professional expenses.
(c) Requirements for franchisee to renew or extend	Section 2.B.	Provide at least six months but not more than 12 months prior to expiration of the initial term; you may not be in default of the Franchise Agreement or any other agreement; you must renovate and modernize the Franchised Business premises to conform to our then-current image (if Center or Affiliated Division); you and employees must be in compliance with our then-current training requirements; you must have the right to possess the Franchised Business premises or have secured a substitute location (if Center or Affiliated Division); you and all guarantors must execute our then-current form of general release, subject to applicable law; at the time of renewal, you satisfy our standards of financial responsibility and, you demonstrate to Franchisor that you have sufficient financial resources and means to continue to operate the Franchised Business during the renewal term; and you may not have a continued pattern of non-compliance as evidenced by repeated failed quality assurance evaluations, regardless of whether you have taken corrective action. If we grant you the right to a successor term, you must sign our then-current form of franchise agreement, which may be materially different than the current form and may reflect different royalty fee and advertising obligations.
(d) Termination by franchisee	No provision	You have no contractual right to terminate the Franchise Agreement. However, you have the right to terminate the Franchise Agreement on any grounds available under applicable state law.
(e) Termination by franchisor without cause	No provision	Not applicable.
(f) Termination by franchisor with cause	Article 18	We can terminate only if you are in default.
(g) "Cause" defined – defaults which can be cured	Section 18.C.	(1) You fail to identify and sign a lease for a site for the Franchised Business (if required), and you fail to cure within seven (7) days after delivery of written notice of default; (2) You passed on an acceptable site and fail to sign a lease for your Franchised Business by the lease deadline and you fail to cure within seven (7) days after delivery of written notice of default; (3) You do not obtain or maintain all insurance coverage required and you fail to cure within five (5) days after delivery of written notice of default; (4) The Designated Manager or Owners of the Franchised Business do not successfully complete initial training, in our sole judgment, and you fail to cure within ten (10) days after delivery of written notice of default; (5) You fail to commence

Provision	Section in Franchise Agreement	Summary
		construction of your Franchised Business and fail to cure within 30 days after delivery of written notice of default; (6) You fail to commence operation of your Franchised Business by the opening date and fail to cure within 15 days after delivery of written notice of default; (7) You or your Affiliate fails to pay any monies owed to Franchisor, its Affiliates or your trade creditors when due and fail to cure within ten days after delivery of written notice of default; (8) You misuse the Proprietary Marks or the Intellectual Property, including without limitation by offering and selling unauthorized products or services under or in conjunction with the Proprietary Marks or Intellectual Property, and fail to correct the misuse within five (5) days after delivery of written notice of default; (9) You infringe on the rights of third-parties, including unauthorized use of third-party trademarks, service marks, patents, copyrights, and all other intellectual property, and fail to cure immediately after Franchisor's written or verbal notice, depending on the severity of such infringement; (10) The Franchised Business is cited for violation of health, sanitation, or safety laws or regulations, and fails to cure the violation within five days after the date the citation is issued; (11) You purchase or use items for which Franchisor has identified Approved Suppliers from an unapproved source; (12) You purchase, use, or sell items not approved by the Franchisor; (13) You refuse to permit Franchisor to inspect the Franchised Business premises, or the books, records, or accounts of Franchisee upon demand; (14) You fail to operate the Franchised Business during such days and hours specified in the Manuals; (15) You are not in compliance with federal, state, or local laws, including but not limited to employment, environmental, occupancy, or other laws affected the day-to-day operations of your Franchised Business; or (16) You fail to comply with any provision of the franchise agreement and fail to take appropriate corrective action within 30 days after delivery of written notice of a default.
(h) "Cause" defined – non-curable defaults	Sections 18.A. and 18.B.	The Franchise Agreement will terminate automatically without notice and without an opportunity to cure upon the happening of certain bankruptcy or insolvency-related events, or upon foreclosure or lien against the assets of the Franchised Business. We may terminate the Franchise Agreement without providing you an opportunity to cure if: (1) you fail to transition your Franchised Business to an Approved Location within the required period of time, if applicable; (2) you abandon the Franchised Business (for purposes of this provision "abandonment" will be deemed to occur if you fail

Provision	Section in Franchise Agreement	Summary
		to operate the Franchised Business on three or more consecutive days or if you otherwise convey an intention to close the Franchised Business), or lose the right to possess the premises for the Approved Location; (3) your lease for the Approved Location expires or terminates for any reason or you otherwise lose the right to occupy the premises of the Approved Location; (4) you making of any false or materially misleading representations in your franchise application or during the franchise application process; (5) you or any of your Owners or Affiliates is or has been held liable for or convicted by a court of law, pleads or has pleaded no contest to, a felony, indictable offense or other unlawful act, engages in any dishonest or unethical conduct or otherwise engages in any conduct which Franchisor believes will materially and adversely affect the reputation of the Brand, XP League franchise system, any other XP League business, or the goodwill associated with the Proprietary Marks; (6) there is violation of any applicable law or revocation or suspension of any necessary license or certification, in whole or in part; (7) there is violation of any confidentiality or non-compete obligations, by you or any Owner; (8) the Franchised Business fails two consecutive quality assurance inspections during any rolling 12-month period or fails three quality assurance inspections during any rolling 24-month period; (9) you knowingly maintain false books or records or submit any false reports or statements to Franchisor; (10) termination for cause of any other franchise agreement between Franchisor and you or your Affiliate; (11) delivery of three or more notices of default during any rolling 24-month period, whether or not the event(s) of default described in such notices ultimately are cured; (12) transfer or attempted transfer in violation of Article 17 of this Agreement; (13) if an imminent threat or danger to public health or safety results from the operation of the Franchised Business; (14) failure to follow Franchisor's instructions or protocol upon a crisis management event; (15) Utilizing unapproved non-cash payment systems in the Franchised Business; (16) accepting or processing non-U.S. currency for products and services offered by the Franchised Business, including but not limited to cryptocurrency; or (17) if Franchisee breaches any material provision of this Agreement which breach is not susceptible to cure.
(i) Franchisee's obligations on termination/non-renewal	Section 19.A.	Under the Franchise Agreement, obligations include payment of all amounts owed to us (including without limitation a lump sum payment of liquidated damages, described in Item 6), ceasing to hold yourself out as a franchisee or former franchisee; ceasing operating the Franchised Business; cancelling any assumed or fictious names containing the

Provision	Section in Franchise Agreement	Summary
		Proprietary Marks; surrendering the Manual and all other confidential information in your possession to us; transferring the Franchised Business' telephone number to us; at our option, assigning us your interest in the lease for the Franchised Business premises; sell to us any of the Franchised Business' assets we elect to purchase; notify members of the closure of your Franchised Business using our then-current form of notice and offering those members the option to terminate their membership and receive a pro rata refund; and comply with post term obligations (also see r, below).
(j) Assignment of contract by franchisor	Section 17.A.	No restriction on our right to assign our interest in the Franchise Agreement or to transfer any of our assets.
(k) "Transfer" by franchisee defined;	Section 17.B.	Includes transfer of Franchise Agreement, transfer of the assets of the Franchised Business, and ownership changes.
(l) Franchisor approval of transfer by franchisee	Section 17.B.	We have the right to approve all transfers but will not unreasonably withhold approval.
(m) Conditions for franchisor approval of transfer	Section 17.B.	We may condition approval on satisfaction of the following: all monetary obligations must be satisfied; you must be in full compliance with the Franchise Agreement and all other agreements; you and each owner must sign a then-current general release; the transferee must meet our Standards for new franchisees; the transferee must sign our then-current form of franchise agreement for the remainder of the franchise term left on your agreement; the transferee must agree to refurbish the Franchised Business premises; you must agree to remain liable for all pre-transfer obligations; the transferee must comply with our then-current training requirements; you must use our Designated Supplier to conduct inspections of the Franchised Business premises before the transfer; the economic terms of the transfer may not, in our opinion, materially and adversely affect the post transfer viability of the Franchised Business.
(n) Franchisor's right of first refusal to acquire franchisee's business	Section 17.G.	We may match any bona fide offer to purchase your business.
(o) Franchisor's option to purchase franchisee's business	Section 19.C.	Upon the happening of a "Triggering Event" (meaning termination or expiration of the franchise, notice to you that we intend to purchase all or substantially all of the franchises in the System, or the date of an initial public offering), we may purchase the assets of the Franchised Business for a purchase

Provision	Section in Franchise Agreement	Summary
		price equal to "Fair Market Value" of the assets, excluding goodwill or going concern value.
(p) Death or disability of franchisee	Section 17.H.	Transfer of interest to his or her spouse or third party within six months of death or incapacity, subject to our approval and right of first refusal.
(q) Non-competition covenants during the term of the franchise	Sections 14.B. and 14.C.	Neither you nor any owner may be involved in any Competitive Business anywhere within the United States, its territories or commonwealths, or any other country, province, state, or geographic area in which Franchisor or its affiliates have used, sought registration of, or registered the Proprietary Marks or similar marks. A "Competitive Business" means any business or facility (at a fixed location or on a mobile basis) owning, operating or managing or granting franchises or licenses to others to do so, any studio, school, store, business, service, event or facility that features or provides i) Esports league coaching, competitions, coach-led athletics and other resources, camps, and special events utilizing the Esports ecosystem to elementary and middle school aged children that are the same or similar to the Products and Services offered by XP League Divisions (other than a XP League Division under a franchise agreement with us), ii) a LAN center, or iii) any business offering video game tournaments or recreational or competitive game leagues. A Competitive Business also includes any business acting as an area representative, franchise broker, business broker, franchise seller, area representative or the like for any business franchising or licensing Competitive Businesses other than us.
(r) Non-competition covenants after the franchise is terminated or expires	Article 14	For a two (2) year period following termination or expiration of the franchise, neither you nor any owner may be involved in any Competitive Business located (1) at the former Franchised Business location, (2) within the former Protected Area, or (3) within a 25-mile radius of any other XP League business.
(s) Modification of the agreement	Section 22.B.	The Franchise Agreement may be modified only by a written document signed by both parties.
(t) Integration/ merger clause	Section 22.A.	The Franchise Agreement and its Attachments constitute the full and final agreement and are binding (subject to state law). Any other promises or statements may not be enforceable. No claim made in the Franchise Agreement is intended to disclaim the express representations made in this disclosure document.
(u) Dispute resolution by arbitration or mediation	Section 23.G.	Except for certain claims, all disputes must be arbitrated in Texas. Subject to state law.

Provision	Section in Franchise Agreement	Summary
(v) Choice of forum	Section 23.G(9)	Litigation must be instituted and maintained in the state or federal courts serving the district in which we maintain our principal headquarter at the time litigation is initiated (currently Tarrant County, Texas) (subject to applicable state law).
(w) Choice of law	Section 23.A.	Texas law applies (subject to applicable state law).

DEVELOPMENT AGREEMENT

Provision	Section in Development Agreement	Summary
a. Length of the franchise term	Section 2.A.	Unless sooner terminated, the term will commence on the effective date of the Development Agreement and will expire on the earlier of (i) the date you execute the final Franchise Agreement in accordance with the Development Schedule; or (ii) the expiration date set forth on the summary page of the Development Agreement.
b. Renewal or extension	No provision	Not applicable.
c. Requirement for Developer to renew or extend	No provision	Not Applicable
d. Termination by Developer	No provision	You have no contractual right to terminate the Development Agreement. However, you have the right to terminate the Development Agreement on any grounds available under applicable state law.
e. Termination by franchisor without cause	No provision	Not applicable.
f. Termination by franchisor with cause	Article 9	We can terminate if you are in default.
g. "Cause" defined – curable defaults	Sections 9.3. and 9.4.	You will have 10 days to cure the following upon our written notice: (a) failure to obtain or maintain required insurance coverage at the Franchised Business; (b) failure to pay any amounts due to Franchisor; (c) failure to pay any amounts due to your trade creditors (unless such amount is subject to a bona fide dispute); (d) failure to pay any amounts for which hawse have advanced funds for or on your behalf, or upon which Franchisor is acting as guarantor of your obligations; (e) misappropriate, misuse, or otherwise utilize the Proprietary Marks and Confidential Information in a way not authorized by us;

Provision	Section in Development Agreement	Summary
		and (f) if an approved transfer is not effected within the designated time frame following a death or permanent incapacity (mental or physical). You will have 30 days to cure any other curable defaults upon delivery of our written notice.
h. "Cause" defined – non-curable defaults	Sections 9.1. and 9.2.	The Development Agreement will terminate automatically without notice and without an opportunity to cure upon the happening of certain bankruptcy or insolvency-related events, or upon foreclosure or lien against your assets. We may terminate the Franchise Agreement without providing you an opportunity to cure if (a) you fail to meet the Development Schedule; (b) you or any Owner is convicted of, or pleads no contest to, a felony, a crime involving moral turpitude, or any other crime or offense that we believe is reasonably likely to have an adverse effect on any Franchised Businesses developed under the Development Agreement, other XP League Divisions, the System or the Proprietary Marks; (c) there is any transfer or attempted transfer in violation of the Development Agreement; (d) you or any Owner fails to comply with the confidentiality or non-compete covenants; (e) you or any Owner has made any material misrepresentations in connection with your developer application; or (f) we deliver to you three or more written notices of default within any rolling 12-month period, whether or not the defaults described in such notices ultimately are cured.
i. Developer's obligations on termination/ non-renewal	Section 9.7.	You will have no right to establish or operate any Franchised Business for which a Franchise Agreement has not been executed by us at the time of termination or expiration. Our remedies for your breach of the Development Agreement shall include, without limitation, your loss of its right to develop additional Franchised Businesses under this Development Agreement, and our retention of all development fees paid or owed by you. Upon termination or expiration, we shall be entitled to establish, and to franchise others to establish XP League Divisions in the Development Area, except as may be otherwise provided under any franchise agreement which has been executed between us and you or your affiliates. In addition, if the Development Agreement is terminated due to a breach by you, you will be required to pay us liquidated damages for breach of that agreement.
j. Assignment of contract by franchisor	Section 8.1.	No restriction on our right to assign our interest in the Development Agreement or to transfer any of our assets.

Provision	Section in Development Agreement	Summary
k. "Transfer" by Developer – defined	Sections 8.2., 8.3., and 8.4.	Includes transfer of the Development Agreement, ownership changes, and transfer to an entity.
l. Franchisor approval of transfer by Developer	Sections 8.3. and 8.4.	We have the right to approve all transfers but will not unreasonably withhold approval.
m. Conditions for franchisor approval of transfer	Sections 8.3. and 8.4.	We may condition approval on satisfaction of the following: all monetary obligations must be satisfied; you have obtained our prior written consent and deliver the proposed transfer agreements to us; you must be in full compliance with the Development Agreement and all other agreements; you and each Owner must sign a release; the transferee must meet our Standards for new developers; the transferee must sign our then-current form of development agreement for the remainder of the term left on your Development Agreement; the transferee must comply with our then-current training requirements; you must satisfy all of your accrued monetary obligations to us; you must pay us the corresponding transfer fee; you and the transferee must execute the consent to transfer agreement in the form we require; transferee and its Owners must sign our then-current form of the Undertaking and Guaranty; and, if applicable, pay any fees related to any resale program that Franchisor maintains.
n. Franchisor's right of first refusal to acquire Developer's business	No provision	Not applicable.
o. Franchisor's option to purchase Developer's business	No provision	Not applicable.
p. Death or disability of Developer	Section 8.9.	Upon the death or permanent incapacity (mental or physical) of you or any Owner, the executor, administrator, or personal representative shall transfer such interest to a third party approved by Franchisor within six months after such death or mental incapacity. In the case of transfer by devise or inheritance, if the heirs or beneficiaries of any such person are unable to meet our requirements, the executor, administrator, or personal representative of the decedent may transfer the decedent's interest to another party approved by us within six

Provision	Section in Development Agreement	Summary
		months. If the interest is not disposed of within such period, we may, at our option, terminate the Development Agreement.
q. Non-competition covenants during the term of the franchise	Section 6.2.	Neither you nor any Owner may be involved in any Competitive Business.
r. Non-competition covenants after the franchise is terminated or expires	Section 6.3.	For a two (2) year period following termination or expiration of the franchise, neither you nor any Owner may be involved in any Competitive Business located (1) within the Development Area (other than the Franchised Businesses already open pursuant to the Development Schedule), or (2) within a 25-mile radius of any other XP League Division.
s. Modification of the agreement	Section 13.1.	The Development Agreement may be modified only by a written document signed by both parties.
t. Integration/ merger clause	Section 13.1.	The Development Agreement and its attachments constitute the full and final agreement. Any other promises or statements may not be enforceable. No claim made in the Development Agreement is intended to disclaim the express representations made in this disclosure document.
u. Dispute resolution by arbitration or mediation	Sections 11.2. and 11.3.	Except for certain claims, we and you must first mediate, and if unsuccessful, arbitrate all disputes within a five (5) mile radius of our principal headquarters at the time arbitration is initiated. Subject to applicable state law.
v. Choice of forum	Section 11.4.	Litigation must be instituted and maintained in the state or federal courts serving the district in which we maintain our principal headquarters at the time litigation is initiated (currently Tarrant County, Texas). Subject to applicable state law.
w. Choice of law	Section 11.1.	Texas law applies. Subject to applicable state law.

ITEM 18
PUBLIC FIGURES

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

ITEM 19
FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC's Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised 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) 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 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 Josh Wall, 2350 Airport Freeway, Suite 505, Bedford, Texas, 76022, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

Table No. 1
Systemwide Outlet Summary
For years 2020 to 2022

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2020	0	11	+11
	2021	11	24	+13
	2022	24	33	+9
Company-Owned or Affiliate-Owned	2020	0	3	3
	2021	3	2[1]	-1
	2022	2	2	0
Total Outlets	2020	0	14	+14
	2021	14	26	+12
	2022	26	35	+9

NOTE 1: As of September 29, 2023, this company-owned outlet converted to a franchised outlet.

Table No. 2
Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For years 2020 to 2022

State	Year	Number of Transfers
All States	2020	0
	2021	0
	2022	0
Total	2020	0
	2021	0
	2022	0

Table 3
Status of Franchised Outlets
For years 2020 to 2022

State	Year	Outlets at Start of Year	Outlets Opened	Termina-tions	Non-Renewals	Reacquired by Franchisor	Ceased Operations – Other Reasons	Outlets at End of the Year
California	2020	0	2	0	0	0	0	2
	2021	2	5	0	0	0	0	7
	2022	7	0	1	0	0	0	6
Colorado	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Connecticut	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	1	0
Florida	2020	0	3	0	0	0	0	3
	2021	3	0	0	0	0	3	0
	2022	0	4	0	0	0	0	4
Georgia	2020	0	0	0	0	0	0	0
	2021	0	2	0	0	0	0	2
	2022	2	1	0	0	0	0	3
Maryland	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
	2022	1	1	0	0	0	1	1
Michigan	2020	0	1	0	0	0	0	1
	2021	1	1	0	0	0	0	2
	2022	2	0	0	0	0	0	2
Nebraska	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
New Mexico	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1

State	Year	Outlets at Start of Year	Outlets Opened	Termina-tions	Non-Renewals	Reacquired by Franchisor	Ceased Operations – Other Reasons	Outlets at End of the Year
New York	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
North Carolina	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	1	0
	2022	0	0	0	0	0	0	0
Ohio	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
	2022	1	1	0	0	0	0	2
Oregon	2020	0	1	0	0	0	0	1
	2021	1	0	0	0	0	1	0
	2022	0	0	0	0	0	0	0
Pennsylvania	2020	0	1	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
South Carolina	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
Texas	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
	2022	1	1	0	0	0	0	2
Utah	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Virginia	2020	0	2	0	0	0	0	2
	2021	2	1	0	0	0	0	3
	2022	3	0	0	0	0	0	3

State	Year	Outlets at Start of Year	Outlets Opened	Termina-tions	Non-Renewals	Reacquired by Franchisor	Ceased Operations – Other Reasons	Outlets at End of the Year
Wisconsin	2020	0	1	0	0	0	0	1
	2021	1	2	0	0	0	0	3
	2022	3	0	0	0	0	0	3
Totals	2020	0	11	0	0	0	0	11
	2021	11	18	0	0	0	5	24
	2022	24	12	1	0	0	2	33

Table No. 4
Status of Company-Owned or Affiliate-Owned Outlets
For years 2020 to 2022

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
California	2020	0	1	0	0	0	1
	2021	1	0	0	1	0	0
	2022	0	0	0	0	0	0
North Carolina	2020	0	1	0	0	0	1
	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1[1]
Tennessee	2020	0	1	0	0	0	1
	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
Totals	2020	0	3	0	0	0	3
	2021	3	0	0	1	0	2
	2022	2	0	0	0	0	2

NOTE 1: As of September 29, 2023, this company-owned outlet converted to a franchised outlet.

[Table 5 begins on next page]

Table No. 5
Projected Openings
As Of December 31, 2022

State	Franchise Agreements Signed but Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned or Affiliate-Owned Outlets in the Next Fiscal Year
Arizona	1	1	0
Louisiana	1	1	0
New Jersey	2	0	0
Total	4	2	0

A list of the names of all franchisees and area developers and the addresses and telephones numbers of their franchises will be provided in Exhibit E to this disclosure document when applicable.

The name, city, state and current business telephone number (or if unknown, the last known home telephone number) of every franchisee or area developer who had a franchise terminated, cancelled, not renewed or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during the most recently completed fiscal year or who has not communicated with us within 10 weeks of the issuance date of this disclosure document will be listed on Exhibit E to this disclosure document when applicable. **If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.**

There are currently no franchise advisory councils and no other trademark-specific franchisee organizations associated with the System. During the last three fiscal years, we have not signed any confidentiality clauses with current or former franchisees which would restrict them from speaking openly with you about their experience with us.

ITEM 21
FINANCIAL STATEMENTS

Attached as Exhibit F to this disclosure document are the financial statements of UA Holdings, LLC and subsidiaries, our parent company, as of December 31, 2022 and for the periods from December 28, 2022 through December 31, 2022 (successor) and January 1, 2022 through December 27, 2022 (predecessor) and the consolidated financial statements for the years ending December 31, 2021, 2020 and 2019. Also included in Exhibit F is the unaudited balance sheet of UA Holdings, LLC as of March 31, 2023 and its unaudited profit and loss statement from January 1, 2023 to March 31, 2023. A copy of the guaranty of UA Holdings is attached in Exhibit F.

ITEM 22
CONTRACTS

Attached to this disclosure document are the following contracts:

Exhibit C	Franchise Agreement, Attachments, and State Specific Amendments
Exhibit D	Development Agreement, Attachments, and State Specific Amendments
Exhibit H	Sample form of General Release
Exhibit J	Sample Form of Assignment and Assumption Agreement

ITEM 23
RECEIPT

The last two pages of this disclosure document, Exhibit L, are detachable duplicate Receipts. Please sign and date both copies of the Receipt. Keep one signed copy of the Receipt for your file and return to us the other signed copy of the Receipt. The Receipt page also contains the names, addresses and telephone numbers of our franchise sellers or brokers.

[THE DISCLOSURE DOCUMENT ENDS HERE.]

EXHIBIT A

TO THE XP LEAGUE

FRANCHISE DISCLOSURE DOCUMENT

LIST OF STATE AGENCIES AND AGENTS FOR SERVICE OF PROCESS

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

Our agent for service of process in Texas is:

XP League Franchise, LLC
Attn: Stephen Polozola
2350 Airport Freeway, Suite 505
Bedford, Texas 76022

STATE	STATE REGULATORY AGENCY	AGENT TO RECEIVE PROCESS IN STATE, IF DIFFERENT THAN THE STATE REGULATORY AGENCY
California	Commissioner of Department of Financial Protection & Innovation (866) 275-2677 *Los Angeles* 320 West 4th Street Suite 750 Los Angeles, CA 90013-2344 (213) 897-2085 *Los Angeles* 300 S. Spring Street Suite 15513 Los Angeles, CA 90013-1259 (213) 897-2085 *Sacramento* 2101 Arena Boulevard Sacramento, CA 95834 (916) 445-7205 *San Diego* 1455 Frazee Road Suite 315 San Diego, CA 92108 (619) 610-2093 *San Francisco* One Sansome Street, Suite 600 San Francisco, CA 94104-4428 (415) 972-8565 Website: www.dfpi.ca.gov Email: ask.DFPI@dfpi.ca.gov	

STATE	STATE REGULATORY AGENCY	AGENT TO RECEIVE PROCESS IN STATE, IF DIFFERENT THAN THE STATE REGULATORY AGENCY
Hawaii	Department of Commerce and Consumer Affairs Business Registration Division Commissioner of Securities 335 Merchant Street Room 205 Honolulu, Hawaii 96813 (808) 586-2722	Commissioner of Securities Department of Commerce and Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, Hawaii 96813 (808) 586-2722
Illinois	Franchise Bureau Office of Attorney General 500 South Second Street Springfield, IL 62706 (217) 782-4465	
Indiana	Indiana Securities Division Secretary of State Franchise Section Room E-111 302 W. Washington Street Indianapolis, Indiana 46204 (317) 232-6681	Indiana Secretary of State 201 State House 200 West Washington Street Indianapolis, Indiana 46204 (317) 232-6531
Maryland	Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, MD 21202-2021 (410) 576-6360	Maryland Securities Commissioner Office of the Attorney General – Securities Division 200 St. Paul Place Baltimore, Maryland 21202-2021 (410) 576-6360
Michigan	Michigan Attorney General's Office Consumer Protection Division Attn: Franchise Section 525 W. Ottawa Street Williams Building, 1st Floor Lansing, MI 48909 (517) 373-7117	
Minnesota	Minnesota Department of Commerce Securities Unit 85 7th Place East, Suite 280 St. Paul, Minnesota 55101-2198 (651) 539-1600 (800) 657-3602	Minnesota Department of Commerce, 85 7th Place East, Suite 280, Saint Paul, MN 55101, (651) 539-1600
New York	NYS Department of Law Investor Protection Bureau 28 Liberty Street, 21st Floor New York, New York 10005 (212) 416-8222	Secretary of State New York Department of State One Commerce Plaza 99 Washington Avenue, 6th Floor Albany, NY 12231 (518)-473-2492

STATE	STATE REGULATORY AGENCY	AGENT TO RECEIVE PROCESS IN STATE, IF DIFFERENT THAN THE STATE REGULATORY AGENCY
North Dakota	North Dakota Securities Department 600 East Boulevard, Suite 414 Bismarck, ND 58505 (701) 328-2910	Securities Commissioner North Dakota Securities Department 600 East Boulevard, Suite 414 Bismarck, ND 58505 (701) 328-4712
Oregon	Oregon Division of Financial Regulation 350 Winter Street NE, Suite 410 Salem, Oregon 97301 (503) 378-4140	
Rhode Island	Department of Business Regulation Securities Division 1511 Pontiac Avenue John O. Pastore Complex–69-1 Cranston, RI 02920-4407 (401) 462-9500	
South Dakota	Division of Insurance Securities Regulation 124 S. Euclid, Suite 104 Pierre, SD 57501 (605) 773-3563	
Virginia	State Corporation Commission Division of Securities and Retail Franchising Tyler Building 1300 East Main Street 9th Floor Richmond, VA 23219 (804) 371-9051	Clerk State Corporation Commission 1300 East Main Street, 1st Floor Richmond, VA 23219 (804) 371-9733
Washington	Department of Financial Institutions Securities Division P.O. Box 41200 Olympia, WA 98504-1200 (360) 902-8700	Department of Financial Institutions 150 Israel Road SW Tumwater, WA 98501 1 (877) 746-4334
Wisconsin	Division of Securities Department of Financial Institutions 4822 Madison Yards Way, North Tower Madison, Wisconsin 53705 (608) 266-0448	Administrator, Division of Securities Department of Financial Institutions 4822 Madison Yards Way, North Tower Madison, Wisconsin 53705 (608) 266-2139

EXHIBIT B

TO THE XP LEAGUE

FRANCHISE DISCLOSURE DOCUMENT

STATE SPECIFIC ADDENDUM

The following are additional disclosures for the franchise disclosure document of XP League Franchise, LLC required by various state franchise laws. Each provision of these additional disclosures will only apply to you if the applicable state franchise registration and disclosure law applies to you.

NO WAIVER OR DISCLAIMER OF RELIANCE IN CERTAIN STATES

The following provision applies only to franchisees and franchises that are subject to the state franchise registration/disclosure laws in California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, or Wisconsin:

No statement, questionnaire, or acknowledgement signed or agreed to by you 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 us, any franchise seller, or any other person acting on our behalf. This provision supersedes any other term of any document executed in connection with the franchise.

CALIFORNIA FDD ADDENDUM

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.

California's Franchise Investment Law (Corporations Code sections 31512 and 31512.1) states that any provision of a franchise agreement or related document requiring the franchisee to waive specific provisions of the law is contrary to public policy and is void and unenforceable. The law also prohibits a franchisor from disclaiming or denying (i) representations it, its employees, or its agents make to you, (ii) your ability to rely on any representations it makes to you, or (iii) any violations of the law.

1. 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.

2. SECTION 31125 OF THE FRANCHISE INVESTMENT LAW REQUIRES US TO GIVE YOU A DISCLOSURE DOCUMENT APPROVED BY THE COMMISSIONER OF FINANCIAL PROTECTION AND INNOVATION BEFORE WE ASK YOU TO CONSIDER A MATERIAL MODIFICATION OF YOUR DEVELOPMENT AGREEMENT OR FRANCHISE AGREEMENT.

3. OUR WEBSITE, WWW.XPLEAGUE.COM, HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THE WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT www.dfpi.ca.gov.

4. The following is added at the end of Item 3:

Neither we, our parent, predecessor or affiliates nor any person 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. Sections 78a et seq., suspending or expelling such persons from membership in that association or exchange.

5. Item 6 is amended by adding the following to the Remarks in the "Interest" section:

The maximum allowable interest rate in California is 10% per annum.

6. The following paragraphs are added at the end of Item 17:

California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee and multi-unit developer concerning termination, transfer or nonrenewal of a franchise. If the Development Agreement or Franchise Agreement contains a provision that is inconsistent with the law, and the law applies, the law will control.

The Development Agreement and Franchise Agreement contain a covenant not to compete that extends beyond termination of the franchise. This provision might not be enforceable under California law.

The Development Agreement and Franchise Agreement provide for termination upon bankruptcy. This provision might not be enforceable under federal bankruptcy law (11 U.S.C.A. Sections 101 et seq.).

The Development Agreement and Franchise Agreement require application of the laws of the State of Texas. This provision might not be enforceable under California law.

The Development Agreement and Franchise Agreement require pre-litigation mediation. The mediation will be conducted at a suitable location chosen by the mediator, which is within a five (5) mile radius of our then-current principal place of business (currently Bedford, Texas). The Development Agreement and Franchise Agreement also require that any action you bring be commenced in federal or state courts in the state, and in (or closest to) the county, where Franchisor's headquarters are then located (currently Brazoria County, Texas). Prospective multi-unit developers and 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 the Development Agreement and Franchise Agreement restricting venue to a forum outside the State of California.

No statement, questionnaire, or acknowledgement signed or agreed to by you 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 us, any franchise seller, or any other person acting on our behalf. This provision supersedes any other term of any document executed in connection with the franchise.

The Franchise Agreement requires you to sign a general release of claims upon renewal or transfer of the Franchise Agreement. California Corporations Code Section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule or order thereunder is void. Section 31512 might void a waiver of your rights under the Franchise Investment Law (California Corporations Code Section 31000 – 31516). Business and Professions Code Section 20010 might void a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 – 20043).

HAWAII FDD ADDENDUM

THESE FRANCHISES HAVE BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, OR SUBFRANCHISOR, AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE, OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE, OR SUBFRANCHISOR, WHICHEVER OCCURS FIRST, A COPY OF THE FDD, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

THIS FDD CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

ILLINOIS FDD ADDENDUM

1. Illinois law governs the agreements between the parties to this franchise.

2. Section 4 of the Illinois Franchise Disclosure Act provides that any provision in a franchise agreement that designates jurisdiction or venue outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration outside of Illinois.

3. Section 41 of the Illinois Franchise Disclosure Act provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

4. Your rights upon termination and non-renewal of a franchise agreement are set forth in Sections 19 and 20 of the Illinois Franchise Disclosure Act.

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

INDIANA FDD ADDENDUM

1. **Item 17, Additional Disclosures.** The following statements are added to Item 17:

   The Indiana Deceptive Franchise Practices Law (Indiana Code 23-2-2.7 et seq.) in general governs the relationship between the franchisor and the franchisee by forbidding certain provisions in the franchise agreement and related documents and by preventing the franchisor from engaging in certain acts and practices which could be considered coercive or oppressive to the franchisee. If any of the provisions of the Franchise Agreement or the Development Agreement conflict with this law, this law will control.

   Any provisions requiring you to sign a general release of claims against us, including upon execution of a successor Franchise Agreement, refund of initial fees, or transfer, does not release any claim you may have under the Indiana Deceptive Franchise Practices Law.

   The Franchise Agreement and the Development Agreement provide that suit must be brought in Texas. These provisions may not be enforceable under Indiana law.

Indiana franchise laws will govern the Franchise Agreement, the Development Agreement, and any and all other related documents.

MARYLAND FDD ADDENDUM

1. The following language is added to the end of Item 5 of the Franchise Disclosure Document:

> Based upon our financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, we have secured a surety bond in the amount of $105,000 from The Ohio Casualty Insurance Company. A copy of the surety bond is on file at the Maryland Office of the Attorney General, Securities Division, 200 St. Paul Place, Baltimore, Maryland 21202. Also, a copy of the surety bond is attached at the end of this Exhibit B.

2. The following is added to the end of the "Summary" sections of Item 17(c), entitled Requirements for franchisee to renew or extend, and Item 17(m), entitled Conditions for franchisor approval of transfer:

> However, any release required as a condition of renewal, sale and/or assignment/transfer will not apply to claims or liability arising under the Maryland Franchise Registration and Disclosure Law.

3. The following is added to the end of the "Summary" section of Item 17(h), entitled "Cause" defined – non-curable defaults:

> The Development Agreement and Franchise Agreement provide for termination upon bankruptcy. This provision might not be enforceable under federal bankruptcy law (11 U.S.C. Sections 101 et seq.), but we will enforce it to the extent enforceable.

4. The following sentence is added to the end of the "Summary" section of Item 17(v), entitled Choice of forum:

> You may bring suit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

5. The following language is added to the end of the chart in Item 17:

> You must bring any claims arising under the Maryland Franchise Registration and Disclosure Law within 3 years after the grant of the franchise.
>
> No statement, questionnaire, or acknowledgement signed or agreed to by you 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 us, any franchise seller, or any other person acting on our behalf. This provision supersedes any other term of any document executed in connection with the franchise.

6. The Franchise Agreement, Development Agreement, and Franchisee Disclosure Questionnaire are amended to state: "All representations requiring prospective franchisees to assent to a release, estoppel, or waiver of liability are not intended to, nor shall they act as, a release, estoppel, or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

MINNESOTA FDD ADDENDUM

1. **Trademarks**. The following sentence is added to the end of Item 13:

Provided you have complied with all provisions of the Development Agreement and Franchise Agreement applicable to the Marks, we will protect your rights to use the Marks and we also will indemnify you from any loss, costs or expenses from any claims, suits or demands regarding your use of the Marks in accordance with Minn. Stat. Sec. 80C.12 Subd. 1(g).

2. **Renewal, Termination, Transfer and Dispute Resolution**. The following is added at the end of the chart in Item 17:

With respect to franchises governed by Minnesota law, we will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5 which require, except in certain specified cases, that you be given 90 days' notice of termination (with 60 days to cure) of the Development Agreement and Franchise Agreement and 180 days' notice for non-renewal of the Development Agreement and Franchise Agreement.

Minn. Stat. Sec. 80C.21 and Minn. Rule 2860.4400J might prohibit us from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial or requiring you to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document, Development Agreement or Franchise Agreement can abrogate or reduce any of Developer's or Franchisee's rights as provided for in Minnesota Statutes 1984, Chapter 80C, or your rights to any procedure, forum or remedies provided for by the laws of the jurisdiction. Those provisions also provide that no condition, stipulation or provision in the Development Agreement or Franchise Agreement will in any way abrogate or reduce any of your rights under the Minnesota Franchises Law, including, if applicable, the right to submit matters to the jurisdiction of the courts of Minnesota.

Any release required as a condition of renewal, sale and/or transfer/assignment will not apply to the extent prohibited by applicable law with respect to claims arising under Minn. Rule 2860.4400D.

NEW YORK FDD ADDENDUM

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

   INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THIS FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE APPROPRIATE STATE AUTHORITY. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CAN NOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS THAT ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

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

   With the exception of what is stated above, the following applies to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

   A. No such party has an administrative, criminal, or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.

   B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature, or financial condition of the franchise system or its business operations.

   C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10-year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

   D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation, or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of the "Summary" sections of Item 17(c), titled "**Requirements for a franchisee to renew or extend**," and Item 17(m), titled "**Conditions for franchisor approval of transfer**":

> However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687(4) and 687(5) be satisfied.

4. The following language replaces the "Summary" section of Item 17(d), titled "**Termination by franchisee**":

> You may terminate the agreement on any grounds available by law.

5. The following is added to the end of the "Summary" sections of Item 17(v), titled "**Choice of forum**," and Item 17(w), titled "**Choice of law**":

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

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

7. Receipts--Any sale made must be in compliance with § 683(8) of the Franchise Sale Act (N.Y. Gen. Bus. L. § 680 et seq.), which describes the time period a Franchise Disclosure Document (offering prospectus) must be provided to a prospective franchisee before a sale may be made. New York law requires a franchisor to provide the Franchise Disclosure Document at the earlier of the first personal meeting, or ten (10) business days before the execution of the franchise or other agreement, or the payment of any consideration that relates to the franchise relationship.

NORTH DAKOTA FDD ADDENDUM

1. The following is added to the end of the "Summary" sections of Item 17(c), entitled Requirements for franchisee to renew or extend, and Item 17(m), entitled Conditions for franchisor approval of transfer:

> However, any release required as a condition of renewal, sale and/or assignment/transfer will not apply to the extent prohibited by the North Dakota Franchise Investment Law.

2. The following is added to the end of the "Summary" section of Item 17(r), entitled Non-competition covenants after the franchise is terminated or expires:

> Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota; however, we and you will enforce the covenants to the maximum extent the law allows.

3. The "Summary" section of Item 17(u), entitled Dispute resolution by arbitration or mediation is deleted and replaced with the following:

> To the extent required by the North Dakota Franchise Investment Law (unless such requirement is preempted by the Federal Arbitration Act), mediation will be at a site to which we and you mutually agree.

4. The "Summary" section of Item 17(v), entitled Choice of forum, is deleted and replaced with the following:

> You must sue us in Texas, except that to the extent required by the North Dakota Franchise Investment Law, you may bring an action in North Dakota.

5. The "Summary" section of Item 17(w), entitled Choice of law, is deleted and replaced with the following:

Except as otherwise required by North Dakota law, the laws of the State of Texas will apply.

RHODE ISLAND FDD ADDENDUM

1. The following language is added to the end of the "Summary" sections of Item 17(v), entitled Choice of forum, and 17(w), entitled Choice of law:

> Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that "A provision in a multi-unit Development Agreement or franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act."

VIRGINIA FDD ADDENDUM

1. The following language is added to the end of the "Summary" section of Item 17.h., entitled "Cause" defined – non-curable defaults:

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

WASHINGTON FDD ADDENDUM

1. The following paragraphs are added at the end of Item 17:

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

RCW 19.100.180 may supersede the Franchise Agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the Franchise Agreement in your relationship with the franchisor, including the areas of termination and renewal of your franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the Franchise Agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed $100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed $250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the Franchise Agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the Franchise Agreement or elsewhere are void and unenforceable in Washington.

2. Item 17(o) (Franchise Agreement Table) of this disclosure document is amended to read as follows:

Upon happening of a "Triggering Event" (meaning termination or expiration of the franchise), we may purchase the assets of the Franchised Business for a purchase price equal to "Fair Market Value" of the assets, excluding goodwill or going concern value.

3. Item 17(q) (Franchise Agreement Table) of this disclosure document is amended to provide that this provision is subject to state law.

4. Item 17(q) (Development Agreement Table) of this disclosure document is amended to provide that this provision is subject to state law.

5. Item 17(r) (Franchise Agreement Table) of this disclosure document is amended to provide that this provision is subject to state law.

6. Item 17(r) (Development Agreement Table) of this disclosure document is amended to provide that this provision is subject to state law.

7. Item 17(u) (Franchise Agreement Table) of this disclosure document is amended to provide that this provision is subject to state law.

8. Item 17(u) (Development Agreement Table) of this disclosure document is amended to provide that this provision is subject to state law.

WISCONSIN FDD ADDENDUM

The following paragraphs are added at the end of Item 17:

The Wisconsin Fair Dealership Law applies to most franchise agreements in the state and prohibits termination, cancellation, non-renewal or substantial change in competitive circumstances of a dealership agreement without good cause. The law further provides that 90 days prior written notice of the proposed termination, etc. must be given to the dealer. The dealer has 60 days to cure the deficiency and if the deficiency is so cured the notice is void. The disclosure document, Franchise Agreement and Development Agreement are hereby modified to state that the Wisconsin Fair Dealership Law, to the extent applicable, supersedes any provision of the Franchise Agreement or Development Agreement that are inconsistent with the law Wis.Stat.Ch.135, the Wisconsin Fair Dealership Law, § 32.06(3), Wis.Code.

STATE OF MARYLAND
SECURITIES DIVISION
FRANCHISOR SURETY BOND

BOND NO. 014247469

STATE OF MARYLAND
SECURITIES DIVISION
FRANCHISOR SURETY BOND

KNOW ALL MEN BY THESE PRESENTS, THAT

XP League Franchise, LLC
(Name of Franchisor)

a Delaware Limited Liability Company
(Description or form of business organization, including State of Incorporation), with business offices at

2350 Airport Freeway, Suite 505, Bedford, TX 76022
(Address)

as Principal, and The Ohio Casualty Insurance Company a corporation duly organized
(Name of Surety)
under the laws of the State of New Hampshire and authorized to do business in the State of Maryland, as Surety, are hereby held and firmly bound to the State of Maryland, in the sum of One Hundred Five ---------- Thousand Dollars ($ 105 ,000.00). For the payment of this sum, Principal and Surety bind themselves, their representatives, successors and assigns, jointly and severally by these presents.

WHEREAS, Principal has applied for registration as a franchisor to offer and sell franchises in Maryland, as required under the Maryland Franchise Registration and Disclosure Law, Title 14, Subtitle 2, Business Regulation Article, Annotated Code of Maryland, (2010 Repl. Vol.) (the Maryland Franchise Law); and

WHEREAS, Principal executes this surety bond under §14-217 of the Maryland Franchise Law, as a condition of its registration to offer and sell franchises in Maryland;

NOW, THEREFORE, the Principal agrees as follows:

1. Principal shall obey all applicable rules, regulations and statutes of the State of Maryland, now or hereafter existing and all other applicable laws now or hereafter existing, affecting or relating to the offer or sale of franchises and area franchises.

2. Principal shall in all respects be bound to any and all applicable requirements and provisions required to be in this bond by existing and future statutes, rules and regulations of the State of Maryland, and laws, the same as though such requirements and provisions were fully set forth in this bond, and by reference such requirements and provisions are made a part hereof.

3. Principal shall in all respects be bound to perform and fulfill, up to and until the time at which a franchisee's or subfranchisor's business is fully operational, all undertakings, covenants, terms, conditions and agreements of any contract, or of any modification to a contract duly authorized by the parties to the contract, that the Principal makes with these franchisees, or subfranchisors.

4. This bond is for the benefit of the State of Maryland and all persons purchasing franchises and area franchises from Principal.

5. This bond shall become effective at 12:01 am (time of day) on September 6, 2023 (date)
It may be cancelled by Surety and Surety relieved of liability with respect to a franchise agreement entered into by Principal after the effective date of cancellation. Cancellation is effective 90 days after the Maryland Securities Commissioner and Principal receive written notice from Surety of cancellation. Notwithstanding any such cancellation, coverage under this bond remains effective with respect to any franchise agreements entered into by Principal prior to the effective date of cancellation.

The Ohio Casualty Insurance Company
(Name of Surety)
By: _____
(Signature of Attorney in Fact)
Kristie A. Pudvan, Attorney-in-Fact

THE OHIO CASUALTY INSURANCE COMPANY INCORPORATED 1919 NEW HAMPSHIRE
Seal No. 2609

XP League Franchise, LLC
(Name of Franchisor)
By : _____
(Signature of Officer, Partner, or Sole Proprietor)

****

Approved as to form:

_____
Assistant Attorney General

_____
Date

INSTRUCTIONS:

1. This side is to be completed by a notary public for both the Principal and the Surety.
2. Please attach the Power of Attorney and Certified Copy of the Corporate Resolution for the Surety listed herein.

STATE OF Texas)
) ss. **ACKNOWLEDGMENT OF PRINCIPAL**
COUNTY OF Tarrant)

(INDIVIDUAL PROPRIETORSHIP)

The foregoing instrument was acknowledged before me this _____day of _____, _____

by _____
(Name of Person Acknowledged)

(CORPORATION)

The foregoing instrument was acknowledged before me this 6 day of Sept, 2023

by Stephen Polozola, President of
(Name of Corporation President)
XP League Franchise, LLC, a Delaware
(Name of Corporation) (State of Incorporation)
corporation, on behalf of the corporation.

(PARTNERSHIP)

The foregoing instrument was acknowledged before me this _____day of _____, _____

by _____, a partner on behalf of
(Name of Acknowledging Partner)

_____, a partnership.
(Name of Partnership)

KELLI KAY KNOTT
Notary Public, State of Texas
Comm. Expires 02-18-2026
Notary ID 128180485

_____
Notary Public

NOTARY SEAL Cty: Tarrant Comm. Exp: Feb. 18, 2026

STATE OF _____)
)ss. **ACKNOWLEDGMENT OF SURETY**
COUNTY OF _____)

The foregoing instrument was acknowledged before me this _____ day of _____, _____

by _____
(Name and Title of Officer or Agent)
of _____,
(Name of Corporation Acknowledging)
a _____ corporation, on behalf of the corporation.
(State of Incorporation)

See separate acknowledgment attached
_____
Notary Public

NOTARY SEAL Cty: _____ Comm. Exp: _____

ACKNOWLEDGMENT OF SURETY
(Notary's Statement Authenticating Signature)

State of **Michigan**

County of **Monroe**

Jennifer A. Jarosz, a Notary Public in and for said County, do hereby certify Kristie A. Pudvan who is personally known to me to be the same person whose name is subscribed in the foregoing instrument on behalf of The Ohio Casualty Insurance Company, appeared before me this day In person and acknowledged respectively that he/she signed, sealed and delivered said instrument as his/her free and voluntary act for the uses and purposes therein set forth.

Given under my hand and notarial seal this 6th day of September, 2023.

Notary Signature: Jennifer A Jarosz

Printed Name: Jennifer A. Jarosz

My commission expires: 09-07-2024

JENNIFER A. JAROSZ
Notary Public, State of Michigan
County Of Macomb
My Commission Expires 09-07-2024
Acting in the County of Monroe

This Power of Attorney limits the acts of those named herein, and they have no authority to bind the Company except in the manner and to the extent herein stated.

Liberty Mutual Insurance Company
The Ohio Casualty Insurance Company
West American Insurance Company

Certificate No: **8207966-973912**

POWER OF ATTORNEY

KNOWN ALL PERSONS BY THESE PRESENTS: That The Ohio Casualty Insurance Company is a corporation duly organized under the laws of the State of New Hampshire, that Liberty Mutual Insurance Company is a corporation duly organized under the laws of the State of Massachusetts, and West American Insurance Company is a corporation duly organized under the laws of the State of Indiana (herein collectively called the "Companies"), pursuant to and by authority herein set forth, does hereby name, constitute and appoint, Delores Senkowski; Jamie M. Laurencelle; Jennifer A. Jarosz; Jennifer Dukuslow; Judith L. Jost; Judy K. Wilson; Kathy S. Zack; Kristie A. Pudvan; Lisa M. Wilmot; Michael C. Schatz; Michael M. Hylant; Pamela L. Santa; Sarayu S. Nair; Susan E. Hurd; Theresa J. Foley; Vicki L. Sharpe; Vicki S. Duncan

all of the city of Cincinnati state of OH each individually if there be more than one named, its true and lawful attorney-in-fact to make, execute, seal, acknowledge and deliver, for and on its behalf as surety and as its act and deed, any and all undertakings, bonds, recognizances and other surety obligations, in pursuance of these presents and shall be as binding upon the Companies as if they have been duly signed by the president and attested by the secretary of the Companies in their own proper persons.

IN WITNESS WHEREOF, this Power of Attorney has been subscribed by an authorized officer or official of the Companies and the corporate seals of the Companies have been affixed thereto this 29th day of April, 2022.

Liberty Mutual Insurance Company
The Ohio Casualty Insurance Company
West American Insurance Company

By: _____
David M. Carey, Assistant Secretary

State of PENNSYLVANIA
County of MONTGOMERY ss

On this 29th day of April, 2022 before me personally appeared David M. Carey, who acknowledged himself to be the Assistant Secretary of Liberty Mutual Insurance Company, The Ohio Casualty Company, and West American Insurance Company, and that he, as such, being authorized so to do, execute the foregoing instrument for the purposes therein contained by signing on behalf of the corporations by himself as a duly authorized officer.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed my notarial seal at King of Prussia, Pennsylvania, on the day and year first above written.

Commonwealth of Pennsylvania - Notary Seal
Teresa Pastella, Notary Public
Montgomery County
My commission expires March 28, 2025
Commission number 1126044
Member, Pennsylvania Association of Notaries

By: _____
Teresa Pastella, Notary Public

This Power of Attorney is made and executed pursuant to and by authority of the following By-laws and Authorizations of The Ohio Casualty Insurance Company, Liberty Mutual Insurance Company, and West American Insurance Company which resolutions are now in full force and effect reading as follows:

ARTICLE IV – OFFICERS: Section 12. Power of Attorney.
Any officer or other official of the Corporation authorized for that purpose in writing by the Chairman or the President, and subject to such limitation as the Chairman or the President may prescribe, shall appoint such attorneys-in-fact, as may be necessary to act in behalf of the Corporation to make, execute, seal, acknowledge and deliver as surety any and all undertakings, bonds, recognizances and other surety obligations. Such attorneys-in-fact, subject to the limitations set forth in their respective powers of attorney, shall have full power to bind the Corporation by their signature and execution of any such instruments and to attach thereto the seal of the Corporation. When so executed, such instruments shall be as binding as if signed by the President and attested to by the Secretary. Any power or authority granted to any representative or attorney-in-fact under the provisions of this article may be revoked at any time by the Board, the Chairman, the President or by the officer or officers granting such power or authority.

ARTICLE XIII – Execution of Contracts: Section 5. Surety Bonds and Undertakings.
Any officer of the Company authorized for that purpose in writing by the chairman or the president, and subject to such limitations as the chairman or the president may prescribe, shall appoint such attorneys-in-fact, as may be necessary to act in behalf of the Company to make, execute, seal, acknowledge and deliver as surety any and all undertakings, bonds, recognizances and other surety obligations. Such attorneys-in-fact subject to the limitations set forth in their respective powers of attorney, shall have full power to bind the Company by their signature and execution of any such instruments and to attach thereto the seal of the Company. When so executed such instruments shall be as binding as if signed by the president and attested by the secretary.

Certificate of Designation – The President of the Company, acting pursuant to the Bylaws of the Company, authorizes David M. Carey, Assistant Secretary to appoint such attorneys-in-fact as may be necessary to act on behalf of the Company to make, execute, seal, acknowledge and deliver as surety any and all undertakings, bonds, recognizances and other surety obligations.

Authorization – By unanimous consent of the Company's Board of Directors, the Company consents that facsimile or mechanically reproduced signature of any assistant secretary of the Company, wherever appearing upon a certified copy of any power of attorney issued by the Company in connection with surety bonds, shall be valid and binding upon the Company with the same force and effect as though manually affixed.

I, Renee C. Llewellyn, the undersigned, Assistant Secretary, The Ohio Casualty Insurance Company, Liberty Mutual Insurance Company, and West American Insurance Company do hereby certify that the original power of attorney of which the foregoing is a full, true and correct copy of the Power of Attorney executed by said Companies, is in full force and effect and has not been revoked.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed the seals of said Companies this 6th day of September, 2023.

By: _____
Renee C. Llewellyn, Assistant Secretary

Not valid for mortgage, note, loan, letter of credit, currency rate, interest rate or residual value guarantees.

For bond and/or Power of Attorney (POA) verification inquiries, please call 610-832-8240 or email HOSUR@libertymutual.com.

Liberty Mutual SURETY

The Ohio Casualty Insurance Company

FINANCIAL STATEMENT – DECEMBER 31, 2022

Assets

Cash and Bank Deposits	$381,391,653
*Bonds -- U.S Government	$624,259,230
*Other Bonds	$4,696,075,391
*Stocks	$123,765,396
Real Estate	$0
Agents' Balances or Uncollected Premiums	$936,691,175
Accrued Interest and Rents	$40,821,253
Other Admitted Assets	$2,318,373,499
Total Admitted Asset	**$9,121,377,597**

Liabilities

Unearned Premiums	$1,621,337,313
Reserve for Claims and Claims Expense	$4,472,582,937
Funds Held Under Reinsurance Treaties	$0
Reserve for Dividends to Policyholders	$220,687
Additional Statutory Reserve	$0
Reserve for Commissions, Taxes and Other Liabilities	$510,304,288
Total	**$6,604,445,225**
Special Surplus Funds	$31,311,376
Capital Stock	$4,500,000
Paid in Surplus	$738,183,897
Unassigned Surplus	$1,742,937,099
Surplus to Policyholders	**$2,516,932,372**
Total Liabilities and Surplus	**$9,121,377,597**

* Bonds are stated at amortized or investment value; Stocks at Association Market Values.
The foregoing financial information is taken from The Ohio Casualty Insurance Company's financial statement filed with the state of Ohio Department of Insurance.

I, TIM MIKOLAJEWSKI, Assistant Secretary of The Ohio Casualty Insurance Company, do hereby certify that the foregoing is a true, and correct statement of the Assets and Liabilities of said Corporation, as of December 31, 2022, to the best of my knowledge and belief.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of said Corporation at Seattle, Washington, this 8th day of March, 2023.

THE OHIO CASUALTY INSURANCE COMPANY INCORPORATED 1919 NEW HAMPSHIRE

Timothy A. Mikolajewski

Timothy A. Mikolajewski, Assistant Secretary

EXHIBIT C
TO THE XP LEAGUE

FRANCHISE DISCLOSURE DOCUMENT

FRANCHISE AGREEMENT AND ATTACHMENTS

XP LEAGUE®
FRANCHISE AGREEMENT

SUMMARY PAGE

TYPE:	☐ XP League Mobile Division ☐ XP League Center ☐ XP League Affiliated Division
EFFECTIVE DATE:	
EXPIRATION DATE:	
FRANCHISEE(S):	
ADDRESS FOR NOTICES:	
TELEPHONE NUMBER:	
E-MAIL ADDRESS:	
FRANCHISOR:	XP League Franchise, LLC, a Delaware limited liability company
ADDRESS FOR NOTICE:	2350 Airport Freeway, Suite 505, Bedford, Texas, 76022
SITE SELECTION AREA NAME:	
INITIAL FRANCHISE FEE:	$35,000
GRAND OPENING ADVERTISING (minimum):	☐ XP League Mobile Division - $8,000 ☐ XP League Center or Affiliated Division - $10,000
MONTHLY ROYALTY FEE:	8% of monthly Gross Sales, subject to the Minimum Royalty Fee
NAF CONTRIBUTION:	Up to 5% of monthly Gross Sales (together with the Local Marketing Expenditure, not to exceed 6% of Gross Sales)
LOCAL MARKETING EXPENDITURE:	Greater of $500 and 6% of monthly Gross Sales (together with the NAF Contribution, not to exceed 6% of Gross Sales)
TECHNOLOGY FEE:	Up to $500 per month

XP LEAGUE®
FRANCHISE AGREEMENT

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Attachment I Dashboard Access Agreement

XP LEAGUE®

FRANCHISE AGREEMENT

This FRANCHISE AGREEMENT ("Agreement") is made and entered into on the Effective Date reflected in the Summary Page by and between XP League Franchise, LLC, a Delaware limited liability company with its principal business address at 2350 Airport Freeway, Suite 505, Bedford, Texas 76022 ("we," "our" or "Franchisor"), and the Franchisee identified on the Summary Page ("you," "your" or "Franchisee").

BACKGROUND:

A. Franchisor owns a format and system (the "System") that, through esports league divisions, delivers values and life skills learned in coach-led athletics for elementary and middle school aged children, operating under the Proprietary Marks (as defined below) (each a "XP League Division" or "Division").

B. The distinguishing characteristics of the System include distinctive trade dress, design, décor, color schemes, fixtures, and furnishings; standards and specifications for products, services, equipment, materials, and supplies; uniform standards, specifications, and procedures for operations (the "Standards"); purchasing and sourcing procedures; training and assistance; and marketing and promotional programs; all of which may be changed, improved, and further developed by Franchisor from time to time.

C. The System is identified and recognized by means of certain indicia of origin, emblems, trade names, service marks, logos, and trademarks, including applications and/or registrations therefor, as are now designated and may hereafter be designated by Franchisor in writing for use in connection with the System including the mark "XP League" and other marks set forth in Attachment A to this Agreement (the "Proprietary Marks").

D. Franchisor and its Affiliates continue to develop, establish, use, and control the use of the Proprietary Products, Proprietary Marks, Indicia, Standards, and System to identify for the public the source of services and products marketed under this Agreement and under the System, and to represent the System's high standards of quality, appearance, and service;

E. Franchisee desires to enter into the business of operating an XP League Division under the System and using the Proprietary Marks, and wishes to enter into this Agreement with Franchisor for that purpose, and to receive the training and other assistance provided by Franchisor in connection therewith.

F. Franchisee has applied for the right to operate a business using the System and the Proprietary Products, Proprietary Marks, Indicia, and Standards, and Franchisor has approved Franchisee's application in reliance on the representations contained therein, including those concerning Franchisee's financial resources, business experience and interests, and the way the XP League Division will be owned and operated; and

G. As indicated on the Summary Page, the Franchised Business will be developed and operated as a XP League Mobile Division, a XP League Center, or a XP League Affiliated Division, as such terms are defined in this Agreement and, as Franchisor and Franchisee shall designate as of the Effective Date at the time of signing this Agreement.

AGREEMENT:

IN CONSIDERATION OF the mutual promises contained in this Agreement, including the recitals set forth above, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereby agree as follows:

1. GRANT OF FRANCHISE

A. Grant.

(1) Subject to the provisions of this Agreement, including without limitation Franchisor's reservation of rights described in Section 1.B, Franchisor hereby grants to Franchisee, and Franchisee accepts, upon the terms and conditions in this Agreement, the right, obligation, and limited license to operate the type of XP League Division indicated on the Summary Page and within the Protected Area at the site (the "Approved Location") designated and set forth in Attachment B in accordance with the terms of this Agreement (the "Franchised Business"), and to use the Proprietary Marks in the operation and promotion of the Franchised Business in accordance with the terms and conditions of this Agreement, the Standards and the Manual.

(2) Franchisee's XP League Franchised Business shall be developed and operated in accordance with the designation set forth on the Summary Page wherein Franchisor and Franchisee shall designate the Franchised Business to be developed and operated as either a Mobile XP League, an XP League Center, or an Affiliated Division and shall only provide the products and services as authorized by each designation indicated in the Manuals (the "Services"). Mobile Division, a XP League Center or an Affiliated Division (together, generally referred to as an "XP League Business") are defined as follows:

(a) "Mobile Division" shall mean a mobile XP League Division that offers and provides Services on a mobile basis at third-party sites ("Third Party Sites"), such as schools, community centers, shared community spaces, LAN centers, churches, libraries, and commercial locations, that are authorized by us and that are located within the franchisee's designated Protected Area. If permitted by law, a Mobile Division may be managed from Franchisee's home or a commercial office (each an "Office") provided that no Services are offered or provided from such home Office;

(b) "XP League Center" or "Center" shall mean an XP League Division that is established and operated from a permanent, retail storefront located at an Approved Location (as defined herein in Attachment B) and offering and providing Services on-site on a full-time basis and regularly scheduled hours that Franchisor designates. Centers may also offer Services on a mobile basis at authorized Third Party Sites located within the Protected Area; or

(c) "Affiliated Division" shall mean an XP League franchised business that is established and operated within a designated area on the premises of an Affiliated Brand. An "Affiliated Brand" is a non-XP League franchise operated by affiliates owned or operated by Unleashed Brands, LLC. Franchisee may also offer Services on a mobile basis at authorized Third Party Sites located within the Protected Area. XP League Affiliated Division may offer and provide Services on a mobile basis at Third Party Sites in the Protected Area, which may be different than the protected area in the Affiliated Brand's separately executed franchise agreement.

B. Protected Area.

(1) If Franchisee is a Mobile XP League and, if permitted by law, Franchisee may administratively manage the Franchised Business from a home Office located within the personal residence of Franchisee or, if Franchisee is a Corporate Entity, the personal residence of an Owner of Franchisee. Under no circumstance may Franchisee offer and/or provide the Proprietary Products from Franchisee's home Office, and such services shall only be performed at Third Party Sites. If Franchisee is not legally permitted to administratively operate Franchisee's Mobile XP League from a home Office, then Franchisee shall administratively operate the Franchised Business from a commercial Office (including but not limited to a co-working space) acceptable to Franchisor, approved by Franchisor in writing and, that conforms to and satisfies the terms and conditions of this Agreement and the Operations Manual. Regardless of the location of the Office, Franchisee must only conduct business in the Protected Area.

(2) If, Franchisee is a Center or Affiliated Division, you must operate the Franchised Business at an Approved Location within the Protected Area, as further described in Article 3. Upon our approval of the site premises for the Franchised Business in accordance with Section 3.A and the parties' execution of Attachment B identifying the Approved Location for the Franchised Business, your Protected Area will be described in Attachment B and deemed incorporated herein.

(3) During the Term, and provided that you are in full compliance with this Agreement and all other agreements between you and Franchisor or its Affiliates, Franchisor shall neither operate nor grant others the right to operate another XP League Business in the Site Selection Area until such time as the Approved Location is identified, and thereafter, the Protected Area as described in Attachment B, except for those rights reserved to Franchisor in Section 2.C. The Site Selection Area and Protected Area may overlap with or be overlapped by the protected area of other XP League Businesses or location that our Affiliates own or operate, so long as there are no other XP League Businesses in the area of overlap. If there are overlapping protected areas, then during the Term, neither you nor the overlapping franchisee, or any Affiliate will be permitted to open a XP League Business within the area of overlap. Notwithstanding the foregoing, this section will not apply to any other XP League Business that is operating or in development within the Site Selection Area as of the Effective Date.

For avoidance of doubt, nothing in this Agreement shall be deemed to grant Franchisee an exclusive territory.

C. Reservation of Rights.

Franchisor on behalf of itself, its Affiliates and its assigns retains all rights, on any and all terms and conditions that Franchisor deems advisable and, without any compensation or consideration to Franchisee, to (a) own, acquire, establish, operate, and grant to others the right to operate a XP League Business or other business that offers and sells products and services that are the same as or similar to a XP League Business using the System and/or the Proprietary Marks at locations outside Franchisee's Protected Area as Franchisor deems appropriate and irrespective of the proximity to Franchisee's Protected Area; (b) acquire, merge with, or otherwise affiliate with one or more businesses of any kind including businesses that offer and sell products and services that are the same as or similar to a XP League Business, and, after such acquisition, merger or affiliation, to own and operate and to franchise or license others to own and operate and to continue to own and operate such businesses of any kind even if such business offer and sell products and services that are the same as or similar to a XP League Business (but not using the XP League Proprietary Marks) within Franchisee's Protected Area; (c) be acquired by, merge with, or otherwise affiliate with one or more businesses of any kind including businesses that offer and sell products and services that are the same as or similar to a XP League Business even if such business or businesses presently, or in the future, own and operate and franchise or license others to own and operate businesses that offer and sell products and services that are the same as or similar to a XP League Business (but not use the XP League Proprietary Marks) within Franchisee's Protected Area; (d) use the Proprietary Marks and System to distribute the Services or products and services similar to the Services in Alternative Channels of Distribution within or outside Franchisee's Protected Area, without limitation, including to sell and to distribute, directly or indirectly, or to license others to sell and to distribute, directly or indirectly, any products through wholesalers, distributors, catalogs, mail order, toll free numbers, the Internet, mobile or temporary locations, or other alternative distribution channels, including products bearing Proprietary Marks anywhere within or outside of the Protected Area. Franchisee is not entitled to compensation for any such sales made in the Protected Area; (e) operate and grant to others the right to operate a XP League Business or other business that offers and sells products and services that are the same as or similar to a XP League Business using the System and/or the Proprietary Marks at within non-traditional fixed-location third-party sites such as (but not limited to) Affiliated Brands' premises, national retail outlets, and captive markets that include resorts, parks, stadiums, and other venues with a captive audience, both within or outside Franchisee's Protected Area; (f) use the Proprietary Marks and System and to license others to use

the Proprietary Marks and System to engage in all other activities not expressly prohibited by this Agreement; and (g) establish and operate, and license others to establish and operate, any business other than an Snapology Business, under the Proprietary Marks or under other marks, including education or children's entertainment businesses that we or our affiliates may operate, acquire, be acquired by, or be merged or consolidated with. Nothing in this Agreement prohibits or restricts Franchisor from owning, acquiring, establishing, operating, or granting franchise rights for one or more other businesses under a different trademark or service mark (i.e., a mark other than XP LEAGUE), whether or not the business is the same as or competitive with XP LEAGUE Businesses within or outside of the Protected Area or Site Selection Area. In addition, Franchisor and its Affiliates may advertise and promote the XP League brand and the System within and outside your Protected Area or Site Selection Area (if applicable) without limitation.

D. Restrictions.

Franchisee has no right to (i) sublicense the Proprietary Marks or the System to any other person or entity, (ii) use the Proprietary Marks or System at any location other than the Approved Location and within the Protected Area, except for when providing Services at Third Party Sites within its Protected Area or as otherwise approved by Franchisor, or (iii) except as expressly authorized by Franchisor, to use the Proprietary Marks or System in any type of sale of, or offer to sell, or distribution of products or Services, including, but not limited to: selling, distributing or otherwise providing, any products to third parties at wholesale, or for resale or distribution by any third party; and selling, distributing or otherwise providing any products through catalogs, mail order, toll free numbers for delivery, or electronic means (e.g., the Internet).

2. TERM

A. Initial Term.

The initial term of this Agreement ("Initial Term") shall, unless earlier terminated pursuant to the terms of this Agreement, be for a period of five (5) years of the Effective Date as indicated on the Summary Page (the "Expiration Date"). If there is a conflict between the Summary Page and this Section 2.A., the date indicated on the Summary Page shall control.

B. Successor Term.

At the expiration of the Initial Term, you will have an option to remain a franchisee at the Approved Location for three additional, consecutive five (5) year terms (each a "Successor Term"). The Initial Term and Successor Terms (if any) are referred to in this Agreement as the "Term." If you desire to exercise this option, you must comply with all of the following conditions prior to and at the end of the expiring Term:

(1) You must give Franchisor written notice of whether you intend to exercise each Successor Term option no less than six months, nor more than 12 months, before expiration of the Initial Term or first Successor Term, as applicable. Failure to timely provide the required written notice constitutes a waiver of your option to remain a franchisee beyond the expiration of the expiring Term;

(2) You (and any of your affiliates) shall not have any past due monetary obligations or other outstanding obligations to Franchisor and its affiliates, the approved suppliers of the System, or the lessor of the premises of the Franchised Business (if a Center or an Affiliated Division);

(3) You may not be in default under this Agreement or any other agreement between you and Franchisor or its Affiliates; you may not be in default beyond the applicable cure period of any real estate lease, equipment lease or financing instrument relating to the Franchised Business; you may not be in default beyond the applicable cure period with any vendor or supplier to the Franchised Business; and, for the 12 months before the date of your notice and the 12 months before the expiration of the then-current term, you may not have been in default beyond the applicable cure period under this Agreement or any other agreements between you and Franchisor or its Affiliates;

(4) If reasonably deemed necessary by Franchisor, as applicable for a Center or an Affiliated Division, you must renovate and upgrade the Approved Location premises and all fixtures, furniture, equipment, signage and graphics, at your expense, to reflect the then-current image of a XP League business, which renovations may include structural changes, installation of new equipment, remodeling, redecoration, and modifications to existing improvements;

(5) As applicable for a Center or an Affiliated Division, you must have the right to remain in possession of the Approved Location, or have secured other premises acceptable to Franchisor, for the Successor Term and all monetary obligations owed to your landlord, if any, must be current;

(6) You and your employees must be in compliance with Franchisor's then-current training requirements, and if Franchisor requires, attend the then-current initial training or additional training before renewal is approved;

(7) You and each Owner shall have executed Franchisor's then-current form of general release, subject to applicable law, in a form satisfactory to Franchisor, of any and all claims against Franchisor and its Affiliates and their respective past and present officers, directors, shareholders, agents, and employees, in their corporate and individual capacity, including, without limitation, claims arising under federal, state, or local laws, rules, or ordinances, and claims arising out of, or relating to, this Agreement, any other agreements between you and Franchisor or its Affiliates, your operation of the Franchised Business, and the offer and grant of the franchise opportunity;

(8) At the time of renewal, you satisfy Franchisor's standards of financial responsibility and, if requested by Franchisor, you demonstrate to Franchisor that you have sufficient financial resources and means to continue to operate the Franchised Business during the renewal term; and

(9) You may not have an established pattern of failing to operate the Franchised Business in accordance with this Agreement and with the System (as set forth in the Manual or otherwise and as revised from time-to-time by Franchisor), as evidenced by three or more failed quality assurance evaluations conducted by Franchisor or its designee, regardless of whether any corrective action with respect to such failed evaluation was completed, and you have operated any other XP League businesses in which you have an interest in accordance with the applicable franchise agreements.

Within four months after Franchisor's receipt of written notice of your desire for a Successor Term, and subject to you providing such information and documentation requested by Franchisor, including the information described in this Section 2.2 and current financial statements, Franchisor will provide written notice to you regarding whether or not you satisfy the criteria to remain a franchisee for such Successor Term. Such notice will contain preliminary information regarding the required renovations and modernizations described in Section 2.B(2), above. If you fail to satisfy the criteria for renewal as set forth above, then Franchisor will have the right to unilaterally extend the Initial Term as necessary to comply with applicable law.

If you are granted the right to a Successor Term, Franchisor will deliver to you the then-current form of the franchise disclosure document and, for execution, its then-current form of franchise agreement. Such form of franchise agreement may differ from this Agreement and may reflect, among other things, a different royalty fee and marketing obligations. Your Protected Area under the franchise agreement for the Successor Term will be the same as under this Agreement. Franchisor will waive any initial franchise fee imposed under such then-current franchise agreement, but you must pay Franchisor the Renewal Fee set forth in Attachment A.

This Agreement does not grant any automatic rights to a Successor Term and Franchisor is not obligated to offer you a Successor Term if the requirements of this Section 2.B. are not strictly and timely met. You must execute the franchise agreement for the Successor Term and return the signed franchise agreement and payment of the Renewal Fee to Franchisor prior to expiration of the Initial Term. Your failure to sign the then-current renewal franchise agreement, pay the Renewal Fee, and return them to Franchisor

prior to expiration of the Initial Term shall be deemed a waiver of your right to renew for a Successor Term, and this Agreement and the Franchise granted by this Agreement will expire on the Expiration Date. If you have complied timely with all conditions set forth in this Article 2, Franchisor shall execute the franchise agreement for the Successor Term and promptly return a fully executed copy to you.

Notwithstanding the foregoing in this Section 2.B, if Franchisor publicly announces a decision to discontinue offering new franchises and the renewal of existing franchises, then upon expiration of the Initial Term, you shall not have the right to renew this Agreement, in which case and only in such case, the post-termination covenants of Section 14.B. herein shall not apply.

3. DEVELOPMENT PROCEDURES

A. Site Selection.

If a Protected Area for an XP League Center or Affiliated Division has not been identified upon execution of this Agreement, Franchisee shall locate and secure, subject to Franchisor's approval, access to and use of an Approved Location for the Franchised Business within the site selection area described in Attachment B (the "Site Selection Area"). Franchisee shall be limited to locating and securing a site for the Franchised Business within this Site Selection Area, which must be approved pursuant to Section 3.B. below. Franchisee agrees and acknowledges that the Site Selection Area is solely for the purpose of locating a site, and shall in no way be considered an exclusive or Protected Area for the Franchised Business. If a Site Selection Area was granted, a smaller Protected Area shall be defined and Attachment B shall be amended to capture the new Protected Area. In the case that another franchisee of Franchisor has been granted franchise rights to operate an XP League Division within the Site Selection Area, Franchisee's Approved Location must not encroach upon such franchisee's specified territory. After the Approved Location and the Protected Area are identified, Franchisee forfeits all its rights to the entire Site Selection Area. If a Protected Area is granted upon execution of this Agreement, Franchisee shall locate and secure, subject to Franchisor's approval, access to and use of an Approved Location for the Franchised Business within the Protected Area in Attachment B.

For a proposed Approved Location for a Center or Affiliated Division, Franchisee shall submit to Franchisor its complete site application in accordance with the site application procedures set forth in the Manual ("Site Application"). Franchisor will provide Franchisee with site selection assistance as Franchisor deems advisable, including without limitation Franchisor's site selection guidelines and design specifications and conducting an on-site evaluation of the proposed site; provided, Franchisor will not conduct an on-site evaluation for any proposed site prior to the receipt of the complete Site Application. To the extent Franchisor conducts an on-site evaluation, Franchisee will reimburse Franchisor for its out-of-pocket expenses incurred in connection with such site evaluation, including travel, accommodations and meals. Franchisee must obtain Franchisor's acceptance of the site for the Franchised Business within the Site Selection Area and sign the lease by the Lease Deadline (defined below). Franchisee assumes all cost, liability, expense and responsibility for locating, obtaining and developing the site for the Franchised Business within the Site Selection Area and for finish-out or renovation and equipping the Franchised Business at the site. **FRANCHISEE ACKNOWLEDGES AND AGREES THAT FRANCHISOR'S PROVIDING ITS SITE SELECTION GUIDELINES AND DESIGN SPECIFICATIONS AND ANY OTHER SITE SELECTION ASSISTANCE TO FRANCHISEE PRIOR TO THE PROPOSED SITE BEING ACCEPTED BY FRANCHISOR WILL NOT CREATE ANY RELIANCE OR EXPECTATION DAMAGES OR LIABILITY FOR FRANCHISOR, AND SUCH ACTIVITIES WILL NOT CREATE ANY EXPECTATIONS OR REPRESENTATIONS TO FRANCHISEE THAT ANY PROPOSED SITE WILL BE ACCEPTED BY FRANCHISOR.** After the Approved Location and the Protected Area are identified, Franchisee forfeits all its rights to the entire Site Selection Area, and, without Franchisee's consent, Franchisor shall not operate nor grant others the right to operate another XP League location in the Protected Area so long as Franchisee is in compliance with this Agreement and during the Term unless terminated, subject to Section 1.B.

B. Site Acceptance.

For a Center and an Affiliated Division, Franchisee shall develop and operate the Franchised Business only at the site and premises specified in Attachment B to this Agreement as the "Approved Location" or "Premises"). The Approved Location shall be described in Attachment B subsequent to the execution of this Agreement, upon Franchisor's approval of the location and execution of the related lease or other agreement for access to and use of the space. Franchisee shall not relocate the Franchised Business from the Approved Location without Franchisor's prior written consent and/or otherwise in writing by Franchisor, as provided in Section 3.E. below. If a Site Selection Area was granted, a smaller Protected Area shall be defined and Attachment B shall be amended to capture the new Protected Area. After the Approved Location and the Protected Area are identified, Franchisee forfeits all its rights to the entire Site Selection Area, and, without Franchisee's consent, Franchisor shall not operate nor grant others the right to operate another XP League Division in the Protected Area so long as Franchisee is in compliance with this Agreement and during the Term unless terminated.

If Franchisee begins the Franchised Business as Mobile Division, and subsequently decides to convert the Mobile Division to a XP League Center or an Affiliated Division, Franchisee must obtain written consent from the Franchisor for such a conversion, pursuant to Section 3.G. below. Franchisee must comply with the development procedures articulated in this Article 3 to establish an Approved Location, without which Franchisee may not operate its Franchised Business at a permanent location. There may be additional requirements for such a conversion, as indicated in the Manual.

Upon receipt of the complete Site Application, as determined by Franchisor, Franchisor will review and notify you whether Franchisor accepts (in writing) or does not accept, at its sole option, Franchisee's proposed site within twenty (20) business days after receipt of all information required from Franchisee. If Franchisor does not provide written notice to Franchisee of its acceptance of a proposed site, Franchisor will be deemed to have rejected the proposed site. Upon Franchisor's acceptance of a proposed site, Franchisor will amend Attachment B to memorialize the address of the Approved Location and the Protected Area. Upon identification of the Protected Area, Franchisee shall forfeit all its rights to any area previously in the Site Selection Area but not within the Protected Area. No site may be used for the location of the Franchised Business unless it is first accepted by Franchisor. No site shall be identified outside of the Site Selection Area or Protected Area, unless otherwise agreed to by the parties and upon written amendment to this Franchise Agreement.

FRANCHISEE ACKNOWLEDGES AND AGREES THAT FRANCHISOR'S RENDERING OF ANY SITE SELECTION ASSISTANCE OR ITS APPROVAL OF YOUR PROPOSED SITE DOES NOT AND WILL NOT CONSTITUTE, DIRECTLY OR IMPLICITLY, A REPRESENTATION, WARRANTY, GUARANTY OR ASSURANCE THAT THE FRANCHISED BUSINESS WILL ACHIEVE A CERTAIN SALES VOLUME OR LEVEL OF PROFITABILITY OR OTHERWISE WILL BE SUCCESSFUL; IT MEANS ONLY THAT THE PROPOSED SITE MEETS FRANCHISOR'S MINIMUM SITE CRITERIA. FRANCHISOR ASSUMES NO LIABILITY OR RESPONSIBILITY FOR: (1) EVALUATION OF THE SITE FOR STRUCTURAL SOUNDNESS, SEISMIC ACTIVITY, THE SITE'S SOIL FOR HAZARDOUS SUBSTANCES, OR THE SITE'S COMPLIANCE WITH APPLICABLE BUILDING CODES; (2) INSPECTION OF ANY STRUCTURE ON THE FRANCHISED BUSINESS LOCATION FOR ASBESTOS OR OTHER TOXIC OR HAZARDOUS MATERIALS; (3) COMPLIANCE WITH THE AMERICANS WITH DISABILITIES ACT ("ADA"); OR (4) COMPLIANCE WITH ANY OTHER APPLICABLE LAW. IT IS YOUR SOLE RESPONSIBILITY TO OBTAIN SATISFACTORY EVIDENCE AND ASSURANCES THAT THE SITE (AND ANY STRUCTURES THEREON) IS STRUCTURALLY SOUND, FREE FROM ENVIRONMENTAL CONTAMINATION AND IS IN COMPLIANCE WITH THE REQUIREMENTS OF THE ADA AND OTHER APPLICABLE LAWS.

C. Execution of Lease.

(1) For a Center or an Affiliated Division, Franchisee shall excerpt best efforts to timely identify appropriate proposed premises for the Approved Location, and submit site selection applications and proposed lease agreements as required to the Franchisor for approval. Franchisor retains all rights to approve or reject the proposed lease agreement and premises according to its standard practices and the terms set forth in or incorporated into the Franchise Agreement. No later than 30 days prior to the six-month anniversary of the Effective Date of this Franchise Agreement (the "Lease Deadline"), Franchisee shall obtain and provide Franchisor a copy of a fully executed lease agreement permitting the operation of the Franchised Business within the Protected Area at the Approved Location. Upon execution of the lease, Franchisor shall amend the Franchise Agreement (if not already amended under Section 2.B above) to establish a new Protected Area based on the Approved Location described in the lease upon its execution.

(2) If Franchisee has not executed a lease agreement by the Lease Deadline, then so long as Franchisee has not passed on an identified Acceptable Opportunity (defined below) in the Protected Area or Site Selection Area (if applicable), Franchisee shall have a one-time option to extend the Lease Deadline by 30 days ("Extended Lease Deadline"). Franchisee must provide Franchisor written notice of its election no later than ten (10) days after the Lease Deadline or such option is waived. Franchisee's failure to enter into a lease for the Approved Location within the Lease Deadline (if the lease extension is not exercised) or within the Extended Lease Deadline (if the lease extension is exercised) will constitute a default for which Franchisor will have the right to terminate the Franchise Agreement if Franchisee fails to cure such default within 7 days after delivery of the default notice by Franchisor.

(3) "Acceptable Opportunity" shall mean (i) an opportunity to lease an existing premises or newly constructed premises (i.e., develop and lease a new building) in the Protected Area or Site Selection Area (if applicable); and (ii) the following criteria are satisfied: (a) when measured within the Protected Area, the Protected Areas will have encompass a population of approximately 8,000 students aged 5 to 15, based on the most recent U.S. Census or other publicly available data that we designate; and (b) with respect to the proposed premises or building, the rentable square footage is equal to or greater than 400 sq. ft. but not more than 1,000 sq. ft.

(4) If the Franchised Business is an Affiliated Division, the Approved Location will be located within the premises of an Affiliated Brand and shall be identified in Attachment B, which shall be incorporated herein. Franchisee is required to obtain consent from the Approved Location's premises landlord, and execute the XP League lease rider attached hereto as Attachment G and deliver a copy of such executed lease rider to Franchisor.

D. Lease Approval and Lease Rider.

Unless otherwise agreed by Franchisor in writing, for a Center or an Affiliated Division, Franchisee is required to lease the Approved Location for the Franchised Business. Franchisee will provide to Franchisor for its review and approval a copy of the proposed lease pursuant to which Franchisee will occupy or acquire rights in the Approved Location after Franchisor accepts the Approved Location. The proposed lease will include the Lease Rider attached to this Agreement as Attachment G and will not contain any covenants or other obligations that would prevent, limit or adversely affect Franchisee from performing its obligations under this Agreement. The proposed lease will be executed by all necessary parties after Franchisor accepts the proposed lease (provided such lease must be executed by the Lease Deadline), and Franchisee will furnish a complete copy of the Lease and Lease Rider to Franchisor within ten days after execution. **FRANCHISEE ACKNOWLEDGES AND AGREES THAT FRANCHISOR'S APPROVAL OF A LEASE DOES NOT MEAN THAT THE ECONOMIC OR LEGAL TERMS OF THE LEASE ARE FAVORABLE; IT MEANS ONLY THAT THE LEASE CONTAINS THE LEASE TERMS THAT FRANCHISOR REQUIRES.**

E. Relocation.

If you are a Center or an Affiliated Division, you may relocate the Franchised Business only within the Protected Area and only with Franchisor's prior written consent. Franchisor will not unreasonably withhold its consent if your lease for the Approved Location expires or terminates through no fault of yours, or if the Franchised Business premises are destroyed or materially damaged by fire, flood, or other natural catastrophe ("Innocent Loss or Casualty") and you are not in default of this Agreement or any other agreement between you and Franchisor. Selection of the relocation site and construction, renovation, and opening shall be governed by Articles 3, 4, and 5 of this Agreement; provided that: (1) if the relocation occurred as a result of an Innocent Loss or Casualty, the Franchised Business must be open for business at the new location within 180 days of closing at the previous Approved Location; and (2) if the relocation occurred for any other reason, the Franchised Business must be open for business at the new location within 30 days of closing at the previous location. You are solely responsible for all relocation costs and expenses, including your payment of Franchisor's Relocation Fee, which is 25% of the then-current initial franchise fee for a Center or Affiliated Division.

F. XP League Mobile Division.

(1) If the Franchised Business is a Mobile Division and, if permitted by law, Franchisee may administratively manage the Franchised Business from an approved home Office located within the personal residence of Franchisee or, if Franchisee is other than an individual, the personal residence of an Owner of Franchisee. Under no circumstance may Franchisee offer and/or provide the Services from Franchisee's home Office, and such services shall only be performed at Third Party Sites. If Franchisee is not legally permitted to administratively operate Franchisee's Mobile Division from a home Office, then Franchisee shall administratively operate the Franchised Business from a commercial Office (including but not limited to a co-working space) acceptable to Franchisor, approved by Franchisor in writing and, that conforms to and satisfies the terms and conditions of this Agreement and the Manual. The Office shall be identified in Attachment B, which shall be incorporated herein.

(2) An XP League Mobile Division may not establish a Center or operate or other retail location, or operate as an Affiliated Division, without Franchisor's express written approval (at its sole discretion) and pursuant to this Section 3.F. If Franchisee requests from Franchisor, and Franchisor approves such request, Franchisee may split its Protected Area into two protected areas (each a "Split Territory") for the sole purpose of developing a XP League Center in one of the Split Territories. Franchisee shall execute a then-current separate franchise agreement for such Center in one of the Split Territories and pay a Split Territory fee of 50% of the then-current initial franchise fee for a XP League Center or Affiliated Division ("Split Territory Fee"). Concurrent with such execution of the separate XP League Center franchise agreement, this Agreement shall be amended to replace the Protected Area with the smaller remaining Split Territory. Franchisor's written approval may be contingent on Franchisee's compliance with this Agreement and any other agreement with Franchisor, Franchisee appointing a second Designated Manager for the Split Territory Center or Affiliated Division (if required), and any other requirements Franchisor may institute at the time of the request.

G. Conversion.

Franchisee shall not unilaterally convert the Franchised Business from the type indicated on the Summary Page and must obtain Franchisor's consent. If Franchisee begins the Franchised Business as one designation (*i.e.*, a Mobile Division), and then converts it to another designation (*i.e.*, a Center or a Affiliated Division), Franchisee may be required to sign the then-current franchise agreement and pay the Split Territory Fee, which shall govern the converted Franchised Business. Upon signing the then-current franchise agreement, this Agreement shall terminate. Franchisor reserves the right to withhold consent to a conversion under this Section 3.G. if Franchisee is in material default of this Agreement, or is delinquent in timely paying monies owed to Franchisor or any of its affiliates.

4. DRAWINGS, CONSTRUCTION, AND RENOVATION

A. Specifications and Drawings.

For all XP League Businesses, you assume all cost, liability, and expense for developing, constructing, and equipping the Franchised Business. For a Center or an Affiliated Division, you must ensure that all plans and specifications comply with applicable law and ordinances, building codes, and permit requirements, and with your lease requirements and restrictions. You shall use only qualified registered architects, registered engineers, and professional and licensed contractors, all or some of which Franchisor may specifically designate or approve from time-to-time in the Manual. All construction must comply in all respects with the Standards and with applicable laws, ordinances, local rules, and regulations. Franchisor may, but is not required to, make available to Franchisee standard plans and specifications for fixtures, equipment, furnishings and signs to be used in connection with development of the Franchised Business. Franchisee acknowledges that such standard design plans and specifications shall not contain the requirements of any federal, state or local law, code or regulation (including without limitation those concerning the Americans with Disabilities Act (the "ADA") or similar rules governing public accommodations or commercial facilities for persons with disabilities), compliance with which shall be Franchisee's sole responsibility and at Franchisee's sole expense.

For a Center or an Affiliated Division, you shall submit proposed construction plans, specifications, and drawings for the Franchised Business ("Plans") to Franchisor and shall, upon Franchisor's request, submit all revised or "as built" Plans during such construction. Franchisor will approve or refuse to approve the Plans and notify you in writing within 30 days after receiving the Plans. Once Franchisor has approved the Plans, the Plans shall not be materially changed without Franchisor's prior written approval, which shall not be withheld unreasonably. You may not begin site preparation or construction before Franchisor has approved in writing the Plans. All construction must be in accordance with Plans approved by Franchisor and must comply in all respects with the Standards and with applicable laws, ordinances, local rules, and regulations.

B. Acquisition of Necessary Furnishings, Fixtures and Equipment.

For all XP League Businesses, you agree to use in the development and operation of the Franchised Business only the fixtures, furnishings, equipment, technology, signs, and items of décor that Franchisor has approved as meeting its specifications and Standards for quality, design, appearance, function, and performance, including without limitation the Indicia. You further agree to place or display at the Franchised Business location (interior and exterior) only those signs, emblems, lettering, logos, and display materials that Franchisor has approved in writing from time-to-time or as otherwise required in accordance with applicable law.

You shall purchase or lease approved brands, types, or models of fixtures, furnishings, equipment, and signs only from suppliers designated or approved by Franchisor. If you propose to purchase, lease or otherwise use any fixtures, furnishings, equipment, signs, or items of décor which have not been approved by Franchisor, you shall first notify Franchisor in writing and shall, at your sole expense, submit to Franchisor upon its request sufficient specifications, photographs, drawings, or other information or samples for a determination as to whether those fixtures, furnishings, equipment, or signs comply with Franchisor's specifications and Standards. Franchisor will, in its sole discretion, approve or disapprove the items and notify you within 30 days after Franchisor receives the request.

C. Commencement and Completion of Construction and Build Out.

For a Center and Affiliated Division, construction shall be performed that satisfies the Standards set forth in the Manual. You must obtain our approval of and open the Franchised Business at the Approved Location within six (6) months from the Effective Date, which is the maximum time permitted for commencing operations at the Approved Location. We may grant extensions at our discretion, but we are not required to grant extensions. If events constituting Force Majeure cause a delay in the commencement

of the construction or build out of the Franchised Business, Franchisor shall proportionately extend the date on which Franchisee is expected to transition operations from its home office to the Approved Location. "Force Majeure" means any natural disaster (such as tornadoes, earthquakes, hurricanes and floods), strike, lock-out, or other industrial disturbance, war (declared or undeclared), riot, government mandated closures due to epidemics and pandemics, fire, or other catastrophe, compliance with the orders, requests, regulations of any governmental authority having jurisdiction over a party or its business, and any other cause not within the control of the party affected thereby that materially and adversely affects such party's ability to perform its obligations under this Agreement. Financial inability of a party will not constitute an event of Force Majeure. If events constituting Force Majeure cause a delay in the commencement of the construction or build out of the Franchised Business, Franchisor shall proportionately extend the Opening Date for the Franchised Business. Notwithstanding the occurrence of any such events, the Franchised Business shall be furnished, equipped and shall otherwise be ready to open for business per this Agreement, no later than the Opening Date.

You agree, at your sole expense, to do or cause to be done the following before transitioning business operations to the Approved Location:

(1) Obtain and maintain all required building, utility, sign, health, sanitation, business, and other permits and licenses applicable to the Franchised Business;

(2) Make all required improvements to the Franchised Business location and decorate the exterior and interior in compliance with the Standards;

(3) Purchase or lease and install all specified and required fixtures, equipment, furnishings, and interior and exterior signs required for the Franchised Business;

(4) Purchase an opening inventory for the Franchised Business of only authorized and approved products and other materials and supplies; and

(5) Deliver a copy of the lease and Lease Rider to Franchisor.

Franchisor reserves the right to delay Franchisee's transition to the Approved Location until it meets Franchisor's Standards.

5. OPENING

A. Opening Date.

For all XP League Businesses, Franchisee must open the Franchised Business by the "Opening Date", which is the earlier of 120 days from the Effective Date or within 60 days following successful completion of the initial training program. For Mobile Divisions, Franchisee may operate the Franchised Business out of an approved Office, provided that all services delivered to customers and third parties shall be conducted at Third-Party sites or other location outside of the Office that meets Franchisor's approval.

For XP League Centers and Affiliated Divisions where the Approved Location premises is still under construction as of the required Opening Date, Franchisee shall provide services at Third-Party sites or other approved locations until Franchisor approves the opening of the Approved Location. In other words, Franchisee shall essentially provide services as a Mobile Division until the premises of the Approved Location is available and approved by Franchisor to open.

Time is of the essence in performance under this Section 5.A. If the Franchised Business is not open and operating by the Opening Date, Franchisor may, at its option, terminate this Agreement without providing any refund to Franchisee or opportunity to cure. However, neither party shall be responsible for non-performance or delay in performance occasioned by a Force Majeure event. Force Majeure shall not include Franchisee's lack of adequate financing, and no event of Force Majeure shall relieve Franchisee of the obligation to pay any money under this Agreement, including the Minimum Royalty Fee.

B. Opening Authorization.

For all XP League Businesses, Franchisee shall provide Franchisor with (a) written notice of its specific intended opening date; and (b) request for Franchisor's approval to open on such date. Such written notice and request shall be made no later than thirty (30) days prior to such intended opening date. Franchisor will authorize the opening of the Franchised Business only after all of the following conditions have been fully satisfied:

(1) You are not in material default under this Agreement or any other agreements with Franchisor; you are not in default beyond the applicable cure period under any real estate lease, equipment lease, or financing instrument relating to the Franchised Business; and you are not in default beyond the applicable cure period with any vendor or supplier of the Franchised Business;

(2) You are current on all obligations due to Franchisor, including payment of the Initial Franchise Fee, Minimum Royalty Fee, Technology Fee, and any other fees then due;

(3) At least 30 days prior to your Opening Date and within 90 days of the Effective Date, your Designated Manager has attended and successfully completed Franchisor's initial training program and you have hired and trained your personnel in accordance with the requirements of this Agreement, including without limitation ensuring that your personnel have obtained all required training and certifications;

(4) Franchisor has been furnished copies of all insurance policies required by Article 16 of this Agreement, and all such insurance is in full force and effect;

(5) You have satisfied all bonding, licensing, and other legal requirements for the lawful operation of your XP League business, including, without limitation, by ensuring that your planned membership offerings follow the Franchised Business' opening and your forms of membership agreement comply with applicable law;

(6) You have executed and delivered to Franchisor the Telephone Number Assignment Agreement attached hereto as Attachment F;

(7) You have executed and delivered to Franchisor the ACH Agreement attached hereto as Attachment H for the Franchisee entity operating under this Franchise Agreement;

(8) You have obtained initial inventory of supplies to open, and paid any amounts due to Designated Suppliers, or Franchisor or Affiliate;

(9) You have conducted or are conducting the grand opening advertising, as described in Section 15.B according to our Standards; and

(10) You have complied with all other of Franchisor's pre-opening requirements, conditions and procedures (including, without limitation, those regarding pre-opening scheduling, training, and communications) as set forth in this Agreement, the Manuals, and/or elsewhere in writing by Franchisor.

For XP League Centers and Affiliated Divisions, you must prepare and open the Approved Location for business and transition your mobile XP League activities to the Approved Location within six months of signing the lease for the Approved Location. In addition to the above, for XP League Centers and Affiliated Divisions, Franchisor will authorize the opening of the Franchised Business at the Approved Location only after all of the following conditions have been fully satisfied:

(1) You have obtained all permits, certificate of occupancy, and certifications required for the lawful operation of the Franchised Business and shall certify in writing to Franchisor that all such permits and certifications have been obtained;

(2) You shall comply with all federal, state and local laws, codes and regulations, including the applicable provisions of the ADA, regarding the Approved Location. In the event you receives any complaint, claim, other notice alleging a failure to comply with the ADA, you shall provide Franchisor with a copy of such notice within five (5) days after receipt thereof; and

(3) You have provided a copy of the Lease and Lease Rider to Franchisor, and if the tenant under the Lease is different from the Franchisee entity herein, execute Franchisor's then-current form of assignment and assumption agreement and general release.

Franchisee shall ensure its operations meet the requirements of the space in which the Franchised Business is operating, whether imposed by a lease, other agreement, or rules imposed by the landlord or other party controlling the space.

C. Pre-Opening Assistance.

Before opening your Franchised Business, Franchisor may provide consultation and advice to you regarding: (1) development and operation of the Franchised Business; (2) building and layout, furnishings, fixtures, and equipment plans and specifications; (3) qualifications and training requirements for various personnel roles required for the operation of the Franchised Business in accordance with the Standards; and (4) purchasing and inventory control; and such other matters as Franchisor deems appropriate. If this Agreement is being signed in conjunction with your development and operation of your first XP League Center or Affiliated Division, and upon your request, Franchisor will make available one member of Franchisor's training staff to provide you one to two days of on-site opening assistance, subject to availability of personnel. There is no additional fee for such assistance for the first XP League Center or Affiliated Division you develop, but if such assistance is provided with respect to the second or any subsequent XP League Centers or Affiliated Divisions developed by you or your Affiliate, or if Franchisor deems necessary or you request that Franchisor provide additional members of its training staff to provide on-site opening assistance (subject to availability of personnel), then in each such case, Franchisor may charge, and you agree to pay, a then-current training fee per day per each individual provided for such on-site assistance, including reimbursement of Franchisor's out of pocket costs it incurs in connection with providing such on-site opening assistance, including travel, accommodations and meals for the trainer(s) providing such assistance.

D. Ongoing Assistance.

Franchisor periodically, as it deems appropriate, will advise and consult with you regarding the operation of your Franchised Business, and provide to you its knowledge and expertise regarding the System and pertinent new developments, techniques, and improvements in business management, sales promotion, service concepts, and other areas. Franchisor may provide these services through visits by Franchisor's representatives to the Franchised Business, the distribution of printed or filmed material, or electronic information, meetings, or seminars, telephone communications, email communications, or other communications.

6. FEES

A. Initial Franchise Fee.

Upon execution of this Agreement, you shall pay Franchisor an Initial Franchise Fee in the amount specified in the Summary Page. Franchisee acknowledges and agrees the Initial Franchise Fee is fully earned by Franchisor when paid and is not refundable under any circumstances. In the event any Initial Franchise Fee discounts were applied because one of the Owners is a veteran, and if the veteran who was the basis of such veteran's incentive is no longer an Owner for any reason, other than death or disability, then, at the fifth anniversary of the Effective Date or upon any transfer, Franchisee shall reimburse Franchisor the entire amount of the discount applied to the Initial Franchise Fee. The Initial Franchise Fee shall be paid in full upon the execution of this Agreement, subject to any applicable development fees that

Franchisee previously paid to Franchisor pursuant to a separate development agreement and which may be applied against the Initial Franchise Fee under the terms of such development agreement.

B. Royalty Fee and Minimum Royalty Fee.

Beginning on the first day of the calendar month following the date which is one hundred twenty (120) days from the Effective Date (the "Royalty Start Date") to the Opening Date (as defined in Section 5.A. above), Franchisee shall pay $500 per month (the "Minimum Royalty Fee") to Franchisor. Beginning on the Opening Date, and if the Opening Date precedes the Royalty Start Date, Franchisee shall pay to Franchisor, each month during the Initial Term of this Agreement, a royalty fee (the "Royalty Fee") equal to the greater of (i) the Minimum Royalty Fee, or (ii) eight percent (8%) of Gross Sales generated by, from, through or associated with the Franchised Business or Franchisee's operations under this Agreement and report to Franchisor, in the manner specified by Franchisor, its Gross Sales (a "Sales Report").

C. Administrative Fees.

You are required to pay to Franchisor certain administrative fees each month related to support services provided to the Franchised Business, as follows:

(1) Call Center: If Franchisor establishes or designates a centralized call center for XP League businesses operating in the United States ("Call Center"), you must pay Franchisor or the designated provider the then-current fee for Call Center services (the "Call Center Fee"). Both the services and the associated fee may be revised from time to time. The Call Center program may include commissions for scheduling customers for classes and soliciting prospective customers for the Franchised Business, and for corporate and special events. Policies and procedures related to bookings through the Call Center, including your obligations with respect to such bookings and related commissions, will be set forth in the Manual, as it may be amended by Franchisor from time to time. Fees that are collected by Designated Suppliers of services related to the Call Center are established by such Designated Suppliers and will vary depending on the number of licenses provided to your Franchised Business and the overall number of licenses provided to XP League businesses operating in the United States. As of the Effective Date, which may be subject to change as indicated above, the "Call Center Fee" shall be comprised of Franchisee's pro rata share of Franchisor's cost of operating, administering and upgrading the call center for the benefit of XP League Divisions operating in the United States, which includes certain fees that we collect and pay to our Designated Suppliers on Franchisee's behalf, including Franchisee's access to the license for our approved providers of event lead generation and management, donation support and customer service inquiries (as set forth in the Manual), fees related to maintenance of the call center telephone system and commissions for soliciting and booking birthday parties, corporate events and special events, as follows, which may be amended from time to time:

(i) Birthday Parties: $5 commission for each birthday party booked by the call center for the Franchised Business and an additional $5 commission for each $50 upsell related to such birthday party (provided commissions related to upsells will not exceed $10 per birthday party); and

(ii) Corporate and Special Events: If the call center books a special event (e.g. corporate event, summer children's camp, reception or social gathering other than a child's birthday party), then Franchisee will pay to Franchisor 5% of the Gross Sales for such special event. Policies and procedures related to bookings through the call center, including Franchisee's obligations with respect to such bookings and related commissions, are set forth in the Manual, as may be amended by Franchisor from time to time. Fees that are collected by Designated Suppliers of services related to the call center (as described above) are established by such Designated Suppliers and will vary depending on the number of licenses provided to the Franchised Business and the overall number of licenses provided to per XP League Division in the United States, but,

as of the Effective Date, are $75 to $150 per month per XP League Division, exclusive of commissions.

(2) Membership Program. Franchisor has the right to establish a multi-tier membership program for XP League businesses (the "Membership Program"), as further described in Section 11.P. If established, you are obligated to participate in the Membership Program in accordance with the terms set forth in this Agreement and the Manual. All Membership Program fees you collect from members will be included in your Gross Sales and subject to the monthly Royalty Fee and other fees based on Gross Sales described in this Agreement.

(3) Technology. You must pay Franchisor a Technology Fee as specified in the Summary Page and Section 11.E below.

(4) Payments to Affiliates. If any of our Affiliates provides products and services to you, whether under a separate agreement or otherwise, you must promptly pay any and all outstanding invoices and other payments to such Affiliate. Late or non-payment of our Affiliate invoices is a breach of this Agreement, and any such overdue and unpaid invoices to our Affiliates become payable and an outstanding obligation under this Agreement, which is subject to default and termination under Article 18.

D. National Advertising Fund.

Upon 30 days' notice to Franchisee, Franchisor may implement, and thereafter will administer and control the National Advertising Fund ("NAF") for XP League businesses in the United States. You will pay to Franchisor a continuing, non-refundable monthly contribution of up to 5% of monthly Gross Sales ("NAF Contribution") to the NAF. Franchisor reserves the right to suspend collection of the NAF Contribution or increase the NAF Contribution at any time, provided that (i) the NAF Contribution will not exceed 5% of Gross Sales, and (ii) the sum of the NAF Contribution, Advertising Cooperative contribution, and required Local Marketing Expenditure will not exceed 6% of Gross Sales during any 12-month period.

E. Conferences.

Franchisor may, at its sole option, conduct conferences to discuss System developments including operational efficiency, personnel training, bookkeeping, accounting, inventory control, performance standards, advertising programs, merchandising procedures, and such other matters as Franchisor may identify. Attendance at such conferences by your Designated Manager or general manager may be made mandatory by Franchisor. If you are currently in default of this Agreement then Franchisor may, at its option, prohibit you and your Designated Manager's attendance at such conferences. You are responsible for all costs and expenses associated with attendance including, without limitation, compensation, travel, accommodations, wages, and meals for conference attendees. Franchisor reserves the right to charge a "Conference Fee" between $500 and $1,000 per attendee, which is due upon Franchisor's invoice to you. If your attendance is required and you fail to attend or send a representative in your place to attend the conference, then Franchisor reserves the right to charge you a conference materials fee of $1,000 to provide you the training materials from the conference in a format of Franchisor's choosing.

F. Payment for Products and Services.

You agree to pay Franchisor and/or its affiliates for all purchases of merchandise, equipment, supplies, and services from Franchisor and its affiliates, in accordance with the seller's then-current prices, terms and conditions of sale, and credit policies for XP League businesses. Franchisor and its affiliates reserve the right to refuse orders from or deny delivery of products and services to any XP League business with a past due balance. Franchisor and its affiliates have the right to change their prices, terms and conditions of sale, and credit policies on reasonable notice. Franchisor reserves the right to pass through payment processor and merchant fees for payment processors it designates. If Franchisor elects, you will be charged each month a payment card processing fee, which represents your pro rata share of the system-

wide fee assessed by Franchisor's designated payment card processor based on the volume of credit card payments you receive.

G. Payment Method.

You must participate in Franchisor's then-current electronic funds transfer program authorizing Franchisor to utilize a pre-authorized bank draft system and sign the ACH Authorization form attached hereto as Attachment H. Except as otherwise specified, all Royalty Fees and other amounts owed under this Agreement, including interest charges, are payable monthly and must be received by Franchisor or credited to Franchisor's account by pre-authorized bank debit before 5:00 p.m. on the date such payment is due, as specified in the Manual (the "Due Date"). On each Due Date, Franchisor will transfer from your commercial bank operating account ("Account") the fees due pursuant to this Section 6 based on the Gross Sales reported to Franchisor by you or as determined by Franchisor by the records contained in the cash registers/computer terminals of the Franchised Business. Declining or revoking participation (directly or indirectly) your participation in Franchisor's then-current electronic funds transfer program is a material breach of this Agreement for which Franchisor may terminate your agreement.

For the sake of clarity, you must include in Gross Sales all revenue you receive in connection with the operation of the Franchised Business, including without limitation disbursements you receive from any third party sales platform (e.g., Groupon), in each case whether authorized or unauthorized (provided, Franchisor's acceptance of fees paid by Franchisee in connection with unauthorized programs or third party service providers will not constitute a waiver of any right or remedy of Franchisor under this Agreement or applicable law). If you have not reported to Franchisor Gross Sales for any reporting period, Franchisor will transfer from the Account an amount calculated in accordance with its estimate of the Franchised Business' Gross Sales during the reporting period, which estimate may be based on, among other things, historical financial performance of the Franchised Business or current and historical performance of other franchisees. If, at any time, Franchisor determines that you have underreported Gross Sales or underpaid the Royalty Fee or other amounts due to Franchisor under this Agreement, or any other agreement, Franchisor shall initiate an immediate transfer from the Account in the appropriate amount in accordance with the foregoing procedure, including interest as provided in this Agreement. Any overpayment will be credited against future Royalty Fees and other payments due under this Agreement.

In connection with the payment by electronic funds transfer, you shall: (1) comply with procedures specified by Franchisor in the Manual or otherwise in writing; (2) perform those acts and sign and deliver those documents as may be necessary to accomplish payment by electronic funds transfer as described in this Section 6.G.; (3) give Franchisor an authorization in the form of Attachment H or as otherwise designated by Franchisor to initiate debit entries and credit correction entries to the Account for payments of the Royalty Fee and other amounts payable under this Agreement, including any interest charges; and (4) make sufficient funds available in the Account for withdrawal by electronic funds transfer no later than the Due Date for payment thereof.

In addition to those fees payable to Franchisor set forth in this Article 6 and elsewhere in this Agreement, Franchisor may, upon notice to Franchisee and at its option, collect payments due to certain Designated Suppliers of goods and services the Franchisee is required to purchase pursuant to the Standards in connection with the development and operation of the Franchised Business via the electronic funds transfer program and may remit such collected amounts to the Designated Suppliers directly. Such payment on behalf of Franchisee does not constitute a guarantee by Franchisor of any obligation of Franchisee to such Designated Suppliers, and Franchisee will remain fully liable for all such obligations.

Notwithstanding the provisions of this Section 6.G., Franchisor reserves the right to modify, at its option, the method by which you pay the Royalty Fee and other amounts owed under this Agreement, including interest charges, upon receipt of written notice by Franchisor. Your failure to have sufficient funds in the Account shall constitute a default of this Agreement pursuant to Article 18. You shall not be entitled

to set off, deduct, or otherwise withhold any Royalty Fees, interest charges, or other monies payable to Franchisor under this Agreement on grounds of any alleged nonperformance by Franchisor of any of its obligations or for any other reason.

H. Interest; Non-Sufficient Funds Charge.

Any payments not received by the Due Date will accrue interest at the rate of 18% per annum or the highest lawful interest rate permitted by the jurisdiction in which the Franchised Business operates, whichever is less. If any check, draft, electronic or otherwise, is returned for nonsufficient funds, you shall pay to Franchisor a nonsufficient funds charge in an amount determined by Franchisor, but not to exceed $100 per transaction or the maximum allowed by applicable law and shall reimburse Franchisor for all expenses that it incurs on account of such nonsufficient funds.

I. Taxes.

Any and all amounts expressed as being payable pursuant to this Agreement are exclusive of any applicable taxes. You are obligated to pay all federal, state and local taxes, including without limitation sales, use and other taxes, fees, duties and similar charges assessed against you. You are responsible for and must indemnify and hold Franchisor and the Franchisor Indemnitees (as defined in Section 20.B.) harmless against any penalties, interest and expenses incurred by or assessed against Franchisor as a result of Franchisor's failure to withhold such taxes or to timely remit them to the appropriate taxing authority. You agree to fully and promptly cooperate with Franchisor to provide any information or records it requests in connection with any application by Franchisor to any taxing authority with respect to you.

J. Partial Payments.

No payment by you or acceptance by Franchisor of any monies under this Agreement for a lesser amount than due shall be treated as anything other than a partial payment on account. Your payments of a lesser amount than due with an endorsement, statement, or accompanying letter to the effect that payment of the lesser amount constitutes full payment shall be given no effect and Franchisor may accept the partial payments without prejudice to any rights or remedies it may have against you. Acceptance of payments by Franchisor other than as set forth in this Agreement or a waiver by Franchisor of any other remedies or rights available to it pursuant to this Agreement shall not constitute a waiver of Franchisor's right to demand payment in accordance with the requirements of this Agreement or a waiver by Franchisor of any other remedies or rights available to it pursuant to this Agreement or under applicable law. Notwithstanding any designation by you, Franchisor shall have the sole discretion to apply any payments by you to any of your past due indebtedness for Royalty Fees, purchases from Franchisor or its Affiliates, interest or any other indebtedness. Franchisor has the right to accept payment from any other entity as payment by you. Acceptance of that payment by Franchisor will not result in that other entity being substituted as franchisee under this Agreement.

K. Collection Costs and Expenses.

You agree to pay Franchisor on demand all costs and expenses incurred by Franchisor in enforcing the terms of this Agreement including, without limitation, collecting any monies that you owe to Franchisor. These costs and expenses include, without limitation, costs and commissions due a collection agency, reasonable attorneys' fees, costs incurred in creating or replicating reports demonstrating Gross Sales of the Franchised Business, court costs, expert witness fees, discovery costs, and reasonable attorneys' fees and costs on appeal, together with interest charges on all of the foregoing.

L. Pre-Opening Gross Sales.

If Franchisor approves your Franchised Business to engage in pre-opening sales of memberships, then such pre-opening sales will be conducted in accordance with the Standards set forth in the Manual. In such case, Franchisee will pay Franchisor a Royalty Fee, NAF Contribution, and such other fees payable

to Franchisor under this Article 6 in accordance with the terms and conditions described above on all Gross Sales of the Franchised Business in connection with such pre-opening sales.

M. Designated Accountants and Fees.

If required by Franchisor, Franchisee shall use a certified public accountant service designated or approved by Franchisor for bookkeeping and financial records management of the Franchised Business. Franchisee shall pay such service provider or Franchisor, as directed by Franchisor, a fee for these services for each month in such reasonable amount as the service provider or Franchisor may periodically designate.

N. No Subordination.

Franchisee shall not subordinate to any other obligation its obligation to pay Franchisor the Royalty Fees and/or any other fee or charge payable to Franchisor, whether under this Agreement or otherwise.

7. RECORDKEEPING AND REPORTS

A. Recordkeeping.

You agree to use computerized cash and data capture and retrieval systems that meet Franchisor's specifications and to record Franchised Business sales electronically or on tape for all sales at or from the Franchised Business premises. You shall keep and maintain, in accordance with any procedures set forth in the Manual, complete and accurate books and records pertaining to the Franchised Business in the format and using the accounting software that Franchisor requires. Your books and records shall be kept and maintained using generally accepted accounting principles in the United States ("GAAP"). You shall preserve all of your books, records, and state and federal tax returns for at least five years after the later of preparation or filing (or such longer period as may be required by any governmental entity) and make them available and provide duplicate copies to Franchisor within five days after Franchisor's written request. Upon Franchisor's request, you shall provide all organizational documents of the Franchisee, your lease for the Approved Location, and such other records as Franchisor may reasonably require.

B. Periodic Reports and Retention of Records.

You shall, at your expense, submit to Franchisor in the form prescribed by Franchisor a monthly profit and loss statement and balance sheet (both of which may be unaudited). Each statement and balance sheet shall be signed by you, your treasurer, or chief financial officer attesting that it is true, correct, and complete and uses accounting principles applied on a consistent basis which accurately and completely reflects the financial condition of the Franchised Business during the period covered. Where Franchisor authorizes Franchisee to use the services of a third-party sales platform (e.g. Groupon), Franchisee must execute an authorization in the form prescribed by Franchisor that permits Franchisor to access the sales made by such third party sales platform and the disbursements paid to Franchisee at least monthly.

With respect to the operation and financial condition of the Franchised Business, Franchisor may require that Franchisee adopt, until otherwise specified by Franchisor, a fiscal year that coincides with Franchisor's then-current fiscal year, as specified by Franchisor in the Manuals or otherwise in writing. Franchisee shall maintain for a period of not less than seven (7) years during the term of this Agreement, and, for not less than seven (7) years following the termination, expiration, or non-renewal of this Agreement, full, complete, and accurate books, records, and accounts in accordance with generally accepted accounting principles and in the form and manner prescribed by Franchisor from time to time in the Manuals or otherwise in writing, including but not limited to: (i) daily transaction reports; (ii) cash receipts journal and general ledger; (iii) cash disbursements and weekly payroll journal and schedule; (iv) monthly bank statements, deposit slips and cancelled checks; (v) all tax returns; (vi) suppliers' invoices (paid and unpaid); (vii) dated daily and weekly transaction journal; (viii) semi-annual fiscal period balance sheets and fiscal period profit and loss statements; and (ix) such other records as Franchisor may from time to time request.

C. Other Reports.

You shall submit to Franchisor, for review or auditing, such other forms, reports, records, information, and data as Franchisor may reasonably designate, in the form and at times and places reasonably required by Franchisor, upon request and as specified from time-to-time in the Manual or otherwise in writing. At Franchisor's request, you shall furnish to Franchisor a copy of all federal and state income tax returns reflecting revenue derived from the operation of the Franchised Business, and copies of all sales tax returns, filed with the appropriate taxing authorities.

D. Inspection and Audit Rights.

Franchisor or its designee shall have the right at all reasonable times, both during and for a period of five years after the Term, to inspect, copy, and audit your books, records, and federal, state, and local tax returns, sales tax returns and such other forms, reports, information, and data as Franchisor reasonably may designate, applicable to the operation of the Franchised Business. If an inspection or audit discloses an understatement of Gross Sales, you shall pay Franchisor, within ten days after receipt of the inspection or audit report, the deficiency in the Royalty Fees plus interest (at the rate and on the terms provided in Section 6.F.) from the Due Date until the date of payment. If an inspection or audit is made necessary by your failure to furnish reports or supporting records as required under this Agreement, or to furnish such reports, records, or information on a timely basis, or if an understatement of Gross Sales for the period of any inspection or audit is determined to be greater than 2%, you also shall reimburse Franchisor for the reasonable cost of the inspection or audit including, without limitation, the charges of attorneys and independent accountants, and the travel expenses, accommodations, meals and compensation of Franchisor's employees or designees involved in the inspection or audit. These remedies shall be in addition to all other remedies and rights available to Franchisor under this Agreement and applicable law.

Franchisor may also require you to participate in brand-wide management and reporting systems, which you must contribute requested data and otherwise participate in. Upon execution of this Agreement, you must also execute Attachment I, the Dashboard Access Agreement, which gives you access to Franchisor's current reporting system. You may be required to participate in other systems in the future, which you must participate in and incorporate into your reporting procedures at your own cost and expense.

E. Accounting Practices.

If you fail to comply with any of the reporting requirements described in this Article 7 then Franchisor may require you to engage a bookkeeping service provider, designated or approved by Franchisor, to provide bookkeeping services for the Franchised Business for such period of time that Franchisor deems appropriate, in its sole discretion.

8. TRAINING AND ASSISTANCE

A. Training.

Franchisor will provide an initial training program at its headquarters or such other location as Franchisor may designate. Your Designated Manager and such other of your management personnel as Franchisor may reasonably require must attend and successfully complete the initial training program before the Franchised Business may open for business. "Designated Manager" means the individual identified in Attachment C and that satisfies the requirements and conditions set forth in Section 11.K. There is no charge for up to two individuals (including the Designated Manager) to attend the initial training program. At your request, Franchisor may permit additional individuals to attend the same training program (subject to certain conditions, as set forth in the Manual), provided there is availability for additional participants in the training program and, if approved, you pay to Franchisor its then-current training fee as published in the Manual from time-to-time. If Franchisee is other than an individual, Franchisor may require (in addition to the training of the key personnel identified in Attachment C and the Designated Manager) that any or all owners of beneficial interests in Franchisee (each a "Owner"), who are individuals

and own more than a ten percent (10%) beneficial interest in Franchisee, to attend and successfully complete, to Franchisor's satisfaction, such portions of the initial training program as determined by Franchisor appropriate for Owners not involved in the day-to-day operations of the Franchised Business.

Your Designated Manager, general manager, and other Franchised Business personnel shall attend and successfully complete to Franchisor's satisfaction all safety training courses and programs that Franchisor requires from time-to-time, including, without limitation, all training that may be required by the state or local municipality where your Franchised Business is located, and shall maintain such certifications at all times throughout the Term. Franchisor may charge, and you agree to pay, a reasonable tuition for all safety training courses and programs that it provides plus, when applicable, reimbursement of Franchisor's out of pocket costs it incurs in connection with providing such training, including travel, accommodations and meals for the individual(s) providing such training.

Your Designated Manager shall be responsible for training your employees in all aspects of Franchised Business operations in accordance with the Standards set forth in the Manual. If Franchisor determines that the training provided by Franchisee or Designated Manager does not satisfy Franchisor's standards and requirements, or that any newly trained individual is not trained to Franchisor's standards, then Franchisor may require that such newly trained individual(s) attend and complete an initial training program provided by Franchisor prior to the opening of the Franchised Business.

Franchisor may, in its sole discretion, require your Designated Manager and other of your management personnel to attend and complete, to Franchisor's satisfaction, such other additional and remedial training as Franchisor may from time-to-time reasonably deem necessary. By way of example and not limitation, remedial training may be required if you repeatedly fail to comply with the quality and service Standards set forth in the Manual, fail to comply with reporting requirements of this Agreement or receive significant customer complaints. Franchisor may charge, and you agree to pay, a reasonable fee for each day of additional or remedial training provided plus, when applicable, reimbursement of Franchisor's out of pocket costs it incurs in connection with providing such training, including travel, accommodations and meals for the individual(s) providing such assistance.

You are responsible for all costs and expenses of complying with Franchisor's training and certification requirements including, without limitation, tuition, fees, and registration costs, as well as compensation, wages, travel, accommodations and meals for all personnel who participate in the training.

B. New or Replacement Designated Manager.

In the event that Franchisee's Designated Manager ceases active employment in the Franchised Business, Franchisee shall enroll a qualified replacement who is reasonably acceptable to Franchisor in Franchisor's training program reasonably promptly following cessation of employment of said individual. Franchisor reserves the right to require Franchisee to pay Franchisor's then-current per diem charges for any such training conducted by Franchisor. In the alternative, with respect to training a replacement Designated Manager, Franchisee may train such replacement(s) in accordance with Section 8.C. below. The replacement Designated Manager and/or any required managers shall complete the initial training program as soon as is practicable and in no event later than any time periods as Franchisor may specify from time to time in the Manuals and otherwise in writing. Franchisor reserves the right to review any Franchisee trained personnel and require that such persons attend and complete, to the satisfaction of Franchisor, the initial training program offered by Franchisor at a location designated by Franchisor.

C. Training by Franchisee of Additional or Replacement Managers.

Franchisee shall have the option of training any additional Designated Manager (following the training of the first Designated Manager by Franchisor) at the Franchised Business or other XP League Divisions operated by Franchisee or its Affiliates, provided that Franchisee is in compliance with all agreements between Franchisee and Franchisor and further provided that the training is conducted: (a) by the Designated Manager or other personnel who has completed Franchisor's initial training program to the

satisfaction of the Franchisor (and who remains acceptable to Franchisor to provide such training) and (b) in accordance with any requirements or standards as Franchisor may from time to time establish in writing for such training. In the event Franchisor conducts such training, Franchisor reserves the right to require Franchisee to pay Franchisor's then-current per diem charges for training.

D. Refresher Training.

Subject to Section 8.G., Franchisor may also require that Franchisee or its key personnel or Designated Manager attend such refresher courses, seminars, and other training programs as Franchisor may reasonably require from time to time.

E. Training Costs.

All expenses incurred in connection with training, including, without limitation, the costs of transportation, lodging, meals, wages, and worker's compensation insurance, shall be borne by Franchisee.

F. Additional Training.

If Franchisor determines, in its sole discretion, that Franchisee is in need of additional supervision or supplemental training, Franchisor may require that Franchisee receive such training from Franchisor, in which case Franchisee agrees that it shall pay Franchisor's then-current per diem charges and out-of-pocket training expenses, which shall be as set forth in the Manuals or otherwise in writing. If Franchisee requests that Franchisor provide additional supervision or supplemental training or that any training programs offered or required by Franchisor, then Franchisee further agrees that it shall pay Franchisor's then-current per diem charges and out-of-pocket training expenses, set forth in the Manuals or otherwise in writing.

G. Coaching Certification.

During the term of this Agreement, Franchisor reserves the right to require Franchisee (or all Owners if Franchisee is other than an individual) and all coaches of the Franchised Business to (a) obtain a coaching certification ("Coach Certification") from Franchisor or Franchisor's Designated Supplier, as may be specified from time to time, and (b) attend annually Franchisor's then-current minimum number of training webinars related to the Coach Certification. Franchisee shall be responsible for all fees associated with obtaining and maintaining the Coach Certification(s). As of the Effective Date, the fee for the Coach Certification is $110 per coach; however, such fee may change as set by the Designated Supplier. If the Coach Certification is provided by the Designated Supplier, then Franchisee agrees to pay the fee set by such Designated Supplier. If, in the future, the Coach Certification is provided by Franchisor, the maximum fee shall be $500 per coach.

9. MANUAL

A. Manual on Loan.

Franchisor will loan you one copy of the Manual (as defined in Attachment A), which may take the form of one or more of the following: one or more loose-leaf or bound volumes; bulletins; notices; videos; CD-ROMS or other electronic media; online postings; online portal; e-mail or electronic communications; facsimiles; PDF; or, any other medium capable of conveying the Manual's contents. The Manual is material because it will affect the way you operate your Franchised Business. The Manual contains detailed standards, specifications, instructions, requirements, methods, and procedures for management and operation of the Franchised Business. The Manual may also contain information relating to customer experience and service standards; customer loyalty, rewards and Membership Programs; management training and brand qualifications for personnel roles; marketing, advertising, and sales promotions, including brand strategy and positioning; maintenance and repair of the Franchised Business premises; personnel uniform standards; graphics; and accounting, bookkeeping, records retention, and other business systems, procedures, and operations. In order to protect the reputation and goodwill of Franchisor and to maintain high standards of operation under the System, Franchisee shall operate the Franchised Business

strictly in accordance with the standards, specifications, methods, policies, and procedures specified in the Manuals (as supplemented, amended, or modified by Franchisor from time-to-time). The mandatory specifications, standards and operating procedures prescribed by Franchisor and communicated to Franchisee in writing as part of the Manual, shall constitute provisions of this Agreement as if fully set forth herein. All references herein to this Agreement shall include the provisions of the Manuals and all such mandatory specifications standards and operating procedures.

B. The Manual is Confidential.

Franchisee shall treat the Manuals, any other materials created for or approved for use in the operation of the Franchised Business, and the information contained therein, as confidential, and shall use all reasonable best efforts to maintain such information (both in electronic and other formats) as proprietary and confidential. You shall not download, copy, duplicate, record, or otherwise reproduce the foregoing materials, in whole or in part, or otherwise make the same available to any unauthorized person, except as authorized in advance by the Franchisor. You agree to maintain the Manual at the Franchised Business, to treat the Manual as strictly confidential and proprietary, and to disclose the contents of the Manual only to those employees who have a need to know in connection with the operation of the Franchised Business.

C. Revisions to the Manual.

Franchisor, at its sole discretion, may supplement, amend, or modify the Manual from time-to-time through any of the foregoing methods of communication concerning the System to reflect changes in the image, specifications, and standards relating to developing, equipping, furnishing, and operating a XP League business, including without limitation products and services that may be offered to customers, all of which will be considered part of the Manual and will, upon delivery to you, become binding on you as if originally set forth in the Manual or in this Agreement. You must keep your copy of the Manual current and up-to-date with all additions and deletions provided by or on behalf of Franchisor, and you must purchase whatever equipment and related services (including, without limitation, sound system, lighting, computer system, internet service, dedicated phone line, and such other hardware and software and related technology solutions and components as we may prescribe) as may be necessary to receive these communications. Franchisee expressly agrees to comply with each new or changed standard in the Manual. If a dispute relating to the contents or interpretation of the Manual develops, the master copy maintained by Franchisor at its principal offices shall control.

D. Franchisor's Property.

The Manuals shall remain the sole property of Franchisor and shall be accessible only from a secure place. Upon termination or expiration of this Agreement, you shall immediately return the Manual without retaining any copies thereof.

10. MODIFICATIONS OF THE SYSTEM

Franchisor may, at its sole option, change or modify from time-to-time the System, any components of this System, and the requirements applicable to you by means of supplements or amendments to the Manual, including, but not limited to, modifications to the Manual, the required equipment, the signage, the building and premises of the Franchised Business (including the trade dress, décor, and color schemes), the presentation of the Proprietary Marks (including requiring additional or replacement Proprietary Marks), and other characteristics to which you are required to adhere (subject to the limitations set forth in this Agreement); adoptions of new administrative forms and methods of report and of payment of any monies owed by Franchisee (including electronic means of reporting and payment); alterations of the products, services, programs, methods, standards, accounting and computer systems, forms, policies and procedures of the System; and additions to, deletions from, or modifications to the products and services your Franchised Business is authorized or required to offer; and additions, changes, improvements, modifications, substitutions to, of, from, or for the Proprietary Marks or copyrighted materials. You must accept and implement at the Franchised Business any such changes or modifications in the System as if

they were a part of the System at the time you executed this Agreement, and you must make such expenditures as the changes or modifications in the System reasonably require.

Because enhancing XP League's competitive position and consumer acceptance for the brand's products and services is a paramount goal of Franchisor and its franchisees, and because this objective is consistent with the long-term interest of the System overall, Franchisor may exercise certain rights, to the fullest extent permitted by then-applicable law, with respect to pricing of products and services offered for sale at XP League businesses, including, but not limited to, establishing policies with respect to the maximum and minimum retail prices which you may charge customers of your Franchised Business. Franchisor further reserves the right to establish price promotions or package promotions which may directly or indirectly impact your retail prices, and in which Franchisor may compel you to participate. Franchisor may engage in any such activity periodically or throughout the Term and may engage in such activity in some geographic areas but not others, or with regard to certain subsets of franchisees but not others.

You acknowledge that because uniformity may not be possible or practical under many varying conditions, Franchisor reserves the right to materially vary its standards or franchise agreement terms for any franchisee, based on the timing of the grant of the franchise, the peculiarities of the particular territory or circumstances, business potential, population, existing business practices, other non-arbitrary distinctions, or any other condition which Franchisor considers important to the successful operation of the System. Except as required by applicable law, Franchisor is not obligated to disclose any variation or to grant the same or a similar variation to you.

If you develop any new concepts, processes, or improvements relating to the System, whether or not pursuant to a test authorized by Franchisor, you must promptly notify Franchisor and provide Franchisor with all information regarding the new concept, process, or improvement, all of which will automatically become the sole and exclusive property of Franchisor and its Affiliates, and which Franchisor and its Affiliates may incorporate into the System without any payment or other consideration to you. You, on behalf of yourself and your owners and all personnel, hereby irrevocably assign all rights in any new concepts, process or improvements relating to the System, and any derivative thereof, to Franchisor or any of its Affiliates, at Franchisor's option, and will execute and deliver all such additional instruments and documents as Franchisor may request to evidence the assignment and Franchisor's or its Affiliate's ownership of such new concept, process or improvement relating to the System.

Franchisee shall not implement any change to the System (including the use of any product or supplies not already approved by Franchisor) without Franchisor's prior written consent. Franchisee acknowledges and agrees that, with respect to any change, amendment, or improvement in the System or use of additional product or supplies for which Franchisee requests Franchisor's approval: (i) Franchisor shall have the right to incorporate the proposed change into the System and shall thereupon obtain all right, title, and interest therein without compensation to Franchisee, (ii) Franchisor shall not be obligated to approve or accept any request to implement change, and (iii) Franchisor may from time to time revoke its approval of a particular change or amendment to the System, and upon receipt of written notice of such revocation, Franchisee shall modify its activities in the manner described by Franchisor.

At all times, Franchisee shall update, upgrade, maintain, replenish, replace and recondition Franchisee's Supplies, and, if applicable, the premises of the Center or Affiliated Division, and Service Vehicle as specified by Franchisor, in the Operations Manual and as modified by Franchisor from time to time**. NOTWITHSTANDING THE FOREGOING, FRANCHISEE EXPRESSLY ACKNOWLEDGES AND AGREES THAT THE FOREGOING RELATES TO BRAND STANDARDS AND SPECIFICATIONS ASSOCIATED WITH THE PROPRIETARY MARKS AND THE SERVICES AND THAT, AT ALL TIMES, FRANCHISEE IS AND SHALL EXCLUSIVELY REMAIN RESPONSIBLE FOR CONDITIONS INVOLVING THE SAFETY OF CUSTOMERS AT**

THIRD PARTY SITES AND, IF APPLICABLE, FRANCHISEE'S CENTER OR AFFILIATED DIVISION.

If Franchisee fails or refuses to initiate within 10 days after receipt of notice, and to continue in good faith and with due diligence, a bona fide program to undertake and complete required maintenance or refurbishing of the Center, Affiliated Division, Service Vehicle, and/or Supplies that, in Franchisor's sole discretion, is necessary to prevent a negative impact upon the goodwill associated with the Proprietary Marks and/or the System, or for the safety of customers of the Franchised Business, then Franchisor has the right, but is not obligated, to enter upon the premises of Center, Affiliated Division, or Service Vehicle and effect maintenance and refurbishing on Franchisee's behalf, and Franchisee must pay the entire cost to Franchisor on demand. In lieu, Franchisor may also require Franchisee to shutter the Franchised Business until such required maintenance or refurbishment is conducted according to Franchisor's specifications.

11. PERFORMANCE REQUIREMENTS

A. Best Efforts.

Your Designated Manager (see Section 11.K below) must use full time and best efforts in the operation of the Franchised Business and must personally supervise the day-to-day operation of the Franchised Business. An Owner may be the Designated Manager.

B. Standards, Specifications and Procedures.

You agree to comply with all System specifications, standards, and operating procedures (whether contained in the Manual or any other written communication, or communicated in training) relating to the appearance, operation, customer experience, function, safety and cleanliness of a XP League business, including without limitation: (1) the types of programs offered; (2) uniformity, pricing and type of all products and services offered for sale at the Franchised Business; (3) sales and marketing procedures and customer service; (4) advertising and promotional programs; (5) Membership Programs (including compliance with the terms and formats of membership agreements in the form prescribed by Franchisor), customer loyalty programs and gift card programs; (6) layout, décor, and color scheme of the Franchised Business and Approved Location; (7) qualification and training of personnel; (8) submission of requests for approval of brands of products, supplies, and suppliers; (9) use and illumination of signs, posters, displays, standard formats, and similar items; (10) use of audio equipment and type and decibel levels of music; (11) use of video equipment and type and decibel level of television broadcasts (including closed captioning requirements); (12) games, tournaments, and other programming offered by the Franchised Business; and (13) types of fixtures, furnishings, computer systems, equipment, small wares, and packaging. Mandatory specifications, standards, and operating procedures, including upgraded or additional equipment (including Computer Systems, as defined below) that Franchisor prescribes from time-to-time in the Manual or otherwise communicates to you shall constitute provisions of this Agreement as if fully set forth in this Agreement.

You may be required to participate in regional and national tournaments and competitions, whether or not sponsored by Franchisor or its Affiliate. If Franchisee has customers who qualify to attend such tournaments and competitions, an Owner or Designated Manager is required to attend. Franchisee is responsible for attendance fees for its attendees, and wages, lodging, travel, and accommodations for its employees who attend such events.

C. Designated Suppliers and Distributors.

You must purchase from us or from suppliers or distributors we designate (each a "Designated Supplier") all of your requirements for developing, constructing, and operating the Franchised Business including, but not limited to: (1) fixtures, furniture and other furnishings, equipment, supplies, point-of-sale systems, signs, items of décor, architect services, paper products, and other products; (2) uniforms, team jerseys, sports apparel, shirts, and all merchandise and items intended for retail sale (whether or not bearing

our Proprietary Marks); (3) advertising, point-of-purchase materials, and other printed promotional materials; (4) gift certificates and stored value cards; (5) stationery, business cards, contracts, and forms; (6) bags, packaging, and supplies bearing the Proprietary Marks; (7) insurance from our Designated Supplier and approved carriers or brokers, to the extent permitted by law; (8) local and regional marketing services through our Designated Supplier, if applicable; (9) reputation management and customer service satisfaction evaluations, and other surveys, (10) games utilized in Divisions and coaching training programs; and (11) other hardware, software, products, and services that we require. You agree to comply with all such requirements.

Franchisor may, at its sole option, enter into supply contracts either for all XP League businesses or a subset of XP League businesses situated within one or more geographic regions (each a "Systemwide Supply Contract"). Franchisor may enter into Systemwide Supply Contracts with one or more vendors of products, services, or equipment and may require all company-owned and franchised XP League businesses in a geographic area to purchase from or use such vendors. If Franchisor enters into such Systemwide Supply Contracts, then immediately upon notification, you must purchase or use the specified product, service, or equipment, as applicable, only from the Designated Supplier for such Systemwide Supply Contract; provided, however, that if, at the time of such notification, you are already a party to a non-terminable supply contract with another vendor or supplier for the designated product, service, or equipment, then your obligation to purchase from or use Franchisor's Designated Supplier under the Systemwide Supply Contract will not begin until the scheduled expiration or earlier termination of your pre-existing supply contract. Franchisor makes no representation that it will enter into any Systemwide Supply Contracts or other exclusive supply arrangements or, if it does, that you will not otherwise be able to purchase the same products or services at a lower price from another supplier. Franchisor may add to, modify, substitute or discontinue Systemwide Supply Contracts or exclusive supply arrangements in the exercise of its sole discretion and business judgment. If Franchisor enters into a Systemwide Supply Contract or such other contracts with a Designated Supplier (e.g., point-of-sale systems, music licenses, Membership Programs), then you agree to pay Franchisor on a monthly basis (via ACH or Franchisor's then-current electronic payment program and on the Due Date for the Royalty Fee collected under this Agreement), or such other basis as reasonably determined by Franchisor, your pro rata share of such payments due to such Designated Supplier under the Systemwide Supply Contract regardless of whether there is a participation agreement or similar agreement in effect to which you are a party.

Franchisor may also establish commissaries and distribution facilities owned and operated by Franchisor or its Affiliate that Franchisor may deem a Designated Supplier. Franchisor may receive money or other benefits, such as rebates or conference sponsorships, from Designated Suppliers based on your purchases; you agree that Franchisor has the right to retain and use all such benefits as it deems appropriate, in its sole discretion.

Franchisor may approve one or more suppliers for any products and services and may approve a supplier only as to certain products and services. Franchisor may concentrate purchases with one or more suppliers or distributors to obtain lower prices and the best advertising support and services for any group of XP League businesses or any other facilities franchised or operated by Franchisor or its Affiliates. Approval of a supplier may be conditioned on requirements relating to the frequency of delivery, reporting capabilities, standards of service, including prompt attention to complaints, corporate social responsibility policies or other criteria as set forth in the Manual, and concentration of purchases, as set forth above, and may be temporary pending a further evaluation of such supplier by Franchisor.

If you propose to purchase from a previously unapproved source, you shall submit to Franchisor a written request for such approval or shall request the supplier to submit a written request on its own behalf. Franchisor has the right to require, as a condition of its approval, that its representatives be permitted to sample the product and inspect the supplier's facilities, and that such information, specifications, and samples as Franchisor reasonably requires be delivered to Franchisor and to an independent, certified

laboratory designated by Franchisor for testing prior to granting approval. A charge not to exceed the reasonable cost of the inspection and product testing and the actual cost of the test shall be paid by you ("Supplier Testing Fee"). Franchisor will notify you within 120 days of your request as to whether you are authorized to purchase such products from that supplier; Franchisor's failure to respond constitutes rejection of the proposed supplier. Franchisor reserves the right, at its option, to re-inspect the facilities and products of any such Designated Supplier and to revoke its approval of any supplier upon the suppliers' failure to meet Franchisor's criteria for quality and reliability. If Franchisor revokes approval of such Designated Supplier, you must promptly discontinue use of that supplier.

D. Authorized Products and Services.

You shall cause the Franchised Business to offer all products and services that Franchisor requires and only offer the products and services that Franchisor has authorized in writing. For the sake of clarity, you may not "co-host" programs at your Franchised Business (e.g., after-school programs and student camps organized by third party service providers for which the Franchised Business serves as a "host venue") without Franchisor's prior written authorization. Franchisor may add, modify, and discontinue authorized products and services at any time, in its sole discretion, and you shall promptly comply with all directives. The Franchised Business shall begin offering for sale additional, upgraded or modified products and services and cease offering discontinued products and services within ten days of the date you receive written notice of the addition, modification, or discontinuance. All products and services offered for sale by the Franchised Business shall meet Franchisor's Standards. You shall discontinue selling and offering for sale any products and services which Franchisor shall have disapproved, in writing, even if Franchisor has previously approved its use.

ALTHOUGH APPROVED OR DESIGNATED BY FRANCHISOR, FRANCHISOR AND ITS AFFILIATES MAKE NO WARRANTY AND EXPRESSLY DISCLAIM ALL WARRANTIES, INCLUDING WARRANTIES OF MERCHANTABILITY AND FITNESS FOR ANY PARTICULAR PURPOSE WITH RESPECT TO THE PRODUCTS, SERVICES, EQUIPMENT, SUPPLIES, FIXTURES, FURNISHINGS OR OTHER APPROVED ITEMS. IN ADDITION, FRANCHISOR DISCLAIMS ANY LIABILITY ARISING OUT OF OR IN CONNECTION WITH THE SERVICES RENDERED OR PRODUCTS SUPPLIED BY ANY DESIGNATED SUPPLIER OR SUPPLIER APPROVED BY FRANCHISOR. FRANCHISOR'S APPROVAL OF OR CONSENT TO ANY PRODUCTS OR SERVICES, ANY SUPPLIER THEREOF OR ANY OTHER INDIVIDUAL, ENTITY OR ANY ITEM WILL NOT CREATE ANY LIABILITY TO FRANCHISOR.

With respect to party or tournament supplies, merchandise, and other items required for the operation of the Franchised Business, you shall always maintain an inventory of such products sufficient in quality and variety to realize the full potential of the Franchised Business. Franchisor may, from time-to-time, conduct market research and testing to determine consumer trends and the salability of new products and services. You agree to cooperate in these efforts by participating in customer surveys and market research programs if requested by Franchisor. All customer surveys and market research programs will be at Franchisor's sole cost and expense, unless you have volunteered to participate in the survey or market research and to share your proportionate cost. You may not test any new product or service without Franchisor's prior written consent.

You shall not permit to be installed at the Franchised Business premises any juke box, vending or game machine, gum machine, game, ride, gambling or lottery device, coin or token operated machine, or any other music, film, or video device not authorized by Franchisor.

In the event Franchisee sells any products, premiums, novelty items, clothing, souvenirs or performs any services that Franchisor has not prescribed, approved or authorized, Franchisee shall (i) cease and desist offering or providing the unauthorized or unapproved product, premium, novelty item, clothing, souvenir or from performing such services and (ii) pay to Franchisor, on demand, a prohibited product or

service fine equal to Two Hundred Fifty Dollars ($250) per day for each day such unauthorized or unapproved product, premium, novelty item, clothing, souvenir or service is offered or provided by Franchisee. The prohibited product or service fine shall be in addition to all other remedies available to Franchisor under this Agreement or at law, including termination.

E. Computer Systems and Intranet/Extranet Systems.

You shall acquire and use all point-of-sale systems, computer hardware and related accessories, games and software, and peripheral equipment ("Computer Systems") that Franchisor prescribes for use by the Franchised Business and may not use any point-of-sale systems or computer hardware, software, accessories, or peripheral equipment that Franchisor has not approved for your use. Requirements may include, among other things, connection to remote servers, off-site electronic repositories, and high-speed Internet connections and service.

You shall: (1) use any proprietary software programs, system documentation manuals, and other proprietary materials provided to you by Franchisor in connection with the operation of the Franchised Business; (2) input and maintain in your computer such data and information as Franchisor prescribes in the Manual, software programs, documentation, or otherwise; and (3) purchase new or upgraded software programs, system documentation manuals, and other proprietary materials at then-current prices whenever Franchisor adopts such new or upgraded programs, manuals, and materials system-wide. You shall enter into all software license agreements, "terms of use" agreements, and software maintenance agreements, in the form and manner Franchisor prescribes, and pay all fees charged by third-party software and software service providers thereunder. In addition, Franchisor has the right to charge, and you agree to pay, a technology fee ("Technology Fee") in the amount specified in the Summary Page or otherwise required by Franchisor from time to time as communicated in writing or in the Manual.

You acknowledge that Franchisor may independently access from a remote location, at any time, all information input to, and compiled by, your Computer System or an off-site server, including information concerning Gross Sales, purchase orders, inventory and expenditures, customer data, and any other data contained within your Computer System. You must provide Franchisor continuous, uninterrupted 24/7 independent access to the Computer System to monitor your social media, sales, receivables and other financial and operational data Franchisor designates. There is no contractual limitation on Franchisor's right to access these records. There are no contractual limitations on Franchisor's right to access or retrieve any information contained and/or utilized by your Computer System.

You acknowledge that technology is ever changing and that, as technology or software is developed in the future, Franchisor may, in its sole discretion, require you to: (1) add to your Computer System memory, ports, and other accessories or peripheral equipment, or additional, new, or substitute software; (2) replace, update or upgrade your Computer System, including but not limited to computer hardware components and software applications as Franchisor prescribes, but not to exceed three times per calendar year.

To ensure full operational efficiency, you agree to keep your Computer System in good maintenance and repair and to make additions, changes, modifications, substitutions, and replacements to your computer hardware, accessories and peripherals, software, telephone and power lines, high speed Internet connections, and other computer-related facilities as directed by Franchisor. Upon termination or expiration of this Agreement, all computer software, disks, tapes, and other magnetic storage media shall be returned to Franchisor in good operating condition, excepting normal wear and tear. You must update the Computer System periodically according to Franchisor's then-current Standards.

Franchisor may, at its option, establish and maintain an intranet or extranet system through which members of XP League franchise network may communicate, and through which Franchisor may disseminate updates to the Manual and other Confidential Information. Franchisor will have no obligation to establish or to maintain the intranet indefinitely and may dismantle it at any time without liability to you.

Franchisor may establish policies and procedures for the intranet's use. Franchisor expects to adopt and adhere to a reasonable privacy policy. However, you acknowledge that, as administrator of the intranet, Franchisor can technically access and view any communication that anyone posts on the intranet. You further acknowledge that the intranet facility and all communications that are posted to it will become Franchisor's property, free of any claims of privacy or privilege that you or any other individual may assert. If you fail to pay when due any amount payable to Franchisor under this Agreement, or if you fail to comply with any policy or procedure governing the intranet, Franchisor may suspend your access to any chat room, bulletin board, listserv, or similar feature the intranet includes until you fully cure the breach.

F. Non-Cash Payment Systems.

Franchisor shall reserve the right to dictate the method of Franchisee's payment systems, whether it be through a Designated Supplier or through Franchisor or its Affiliate's online payment processing portal. You shall accept debit cards, credit cards, stored value cards, or other non-cash systems (including, for example, APPLE PAY, and/or GOOGLE WALLET) specified by Franchisor to enable customers to purchase authorized products, and you shall obtain all necessary hardware and software used in connection with these non-cash systems. You will use the Designated Suppliers of such non-cash payment systems that we designate in the Manual, and we will collect your pro rata share of payments due to such Designated Suppliers in accordance with Section 11.C. related to Systemwide Supply Contracts.

The parties acknowledge and agree that protection of customer privacy and credit card information is necessary to protect the goodwill of businesses operating under the Proprietary Marks and System. Accordingly, you shall cause the Franchised Business to meet or exceed, at all times, all applicable security standards developed by the Payment Card Industry Security Standards Council or its successor and other regulations and industry standards applicable to the protection of customer privacy and credit card information. You shall use only the non-cash payment systems approved by Franchisor, and are prohibited from accepting any currency or payment type other than U.S. currency. This prohibition extends to cryptocurrency or any other non-U.S. currency-based payment systems. You shall take commercially reasonable precautions to prevent data security breaches, and to comply with breach notification statutes and other legal requirements in the event of a security breach. You are solely responsible for your own education concerning these regulations and standards and for achieving and maintaining applicable compliance certifications.

YOU SHALL DEFEND, INDEMNIFY, AND HOLD FRANCHISOR HARMLESS FROM AND AGAINST ALL CLAIMS ARISING OUT OF OR RELATED TO YOUR VIOLATION OF THE PROVISIONS OF THIS SECTION 11.F. IN ACCORDANCE WITH THE INDEMNIFICATION PROCEDURES SET FORTH IN SECTION 20.B.

G. Franchisor Inspections.

Franchisor or its designees shall have the right at any reasonable time and without prior notice to you to: (1) inspect the Franchised Business premises or Franchisee's operations at Third Party Sites; (2) observe, photograph, and record the operation of the Franchised Business for such consecutive or intermittent periods as Franchisor deems necessary; (3) interview Franchised Business personnel; (4) interview customers; and (5) inspect and copy any books, records, and documents relating to the operation of the Franchised Business or, upon request of Franchisor or its designee, require you to send copies thereof to Franchisor or its designee. You shall present to your customers those evaluation forms as are periodically prescribed by Franchisor and shall participate and ask your customers to participate in any surveys performed by or on behalf of Franchisor as Franchisor may direct.

You agree to cooperate fully with Franchisor or its designee regarding any such inspection, observations, recordings, product removal, and interviews. You shall take all necessary steps to immediately correct any deficiencies detected during these inspections including, without limitation, ceasing further sales of unauthorized items and ceasing further use of any equipment, advertising materials,

or supplies that do not conform to the Standards and requirements promulgated by Franchisor from time-to-time. Franchisor shall have the right to develop and implement a grading system for inspections and, to the extent such a system is implemented, if the Franchised Business fails to achieve a passing score on any inspection, Franchisor may require your key personnel identified in Attachment C and other Franchised Business personnel to attend and participate in such additional training as Franchisor deems appropriate. If the Franchised Business fails to achieve a passing score on any two consecutive inspections or if the Franchised Business fails to achieve a passing score three or more times in any 12-month period, Franchisor may terminate this Agreement in accordance with Article 18.

These inspections may take the forms of quality assurance inspections and mystery shops. To the extent Franchisor engages a third-party service for conducting quality assurance inspections and mystery shops, you must reimburse Franchisor its actual costs of the mystery shop and cost of any merchandize purchased ("Compliance Review Fee") in connection with inspections and mystery shops conducted at your Franchised Business. At Franchisor's request, Franchisor may require you to pay these amounts directly to the applicable services provider.

H. Upkeep of the Franchised Business.

You shall continuously operate the Franchised Business and shall, at all times and at your sole expense, maintain in first class condition and repair (subject to normal wear and tear), in good working order, in accordance with the requirements of the System, and in compliance with all applicable laws and regulations, the interior and exterior of the Franchised Business premises, including, without limitation, all furniture, fixtures, equipment, computer systems, furnishings, floor coverings, interior and exterior signage, interior and exterior finishes, and interior and exterior lighting. You shall promptly and diligently perform all necessary maintenance, repairs, and replacements to the Franchised Business premises as Franchisor may prescribe from time-to-time including periodic interior painting and replacement of obsolete or worn out signage, floor coverings, furnishings, equipment, and décor. Franchisee shall make such changes, upgrades, and replacements as Franchisor may periodically require, in the time frames specified by Franchisor.

I. Franchised Business Operations.

You shall cause the Franchised Business to be open and operating on the days and during the hours that Franchisor designates, subject to applicable lease and local law or licensing limitations. You shall operate and maintain the Franchised Business in conformity with the highest ethical standards and sound business practices and in a manner that will enhance the goodwill associated with the Proprietary Marks.

J. Management and Personnel.

You shall employ a sufficient number of qualified, competent personnel to satisfy the demand for the products and services offered by the Franchised Business. Your key management personnel are identified in Attachment C to this Agreement.

You shall hire all employees of the Franchised Business and be exclusively responsible for the terms of their employment and for the proper training of such employees in the operation of the Franchised Business, including without limitation with respect to customer relations. You will ensure that your personnel comply with the Standards set forth in the Manual, including compliance with Standards related to customer service and engagement. The parties acknowledge and agree that these requirements are necessary to preserve the goodwill identified by the Proprietary Marks.

Franchisee shall be responsible for having all personnel employed by Franchisee wear standard related uniforms and attire during business hours, and during tournaments, in order to further enhance Franchisor's product and format. Franchisee shall be permitted to purchase such uniforms and attire from Designated Suppliers, which uniforms and attire must be in strict accordance with Franchisor's design and other specifications.

Further, the parties acknowledge and agree that Franchisor neither dictates nor controls labor or employment matters for you or your employees. You are exclusively responsible for labor and employment-related matters and decisions related to the Franchised Business, including, but not limited to, hiring, promoting, and compensating personnel, for determining the number of jobs offered or job vacancies to be filled, for determining and changing employee wages, benefits and work hours, method of payment, maintenance of employment records, for disciplining and discharging your employees, and for supervising and controlling your employee's work schedule or conditions of employment. You are exclusively responsible for labor relations with your employees. We do not require you to implement any employment-related policies or procedures or security-related policies or procedures that we (at our option) may make available to you in the Manual or otherwise for your optional use. You shall determine to what extent, if any, these policies and procedures may be applicable to your operations at the Franchised Business. **YOU SHALL DEFEND AND INDEMNIFY FRANCHISOR AND ITS INDEMNITIES (AS DEFINED IN SECTION 20.B BELOW) AGAINST ANY AND ALL PROCEEDINGS, CLAIMS, INVESTIGATIONS, AND CAUSES OF ACTION INSTITUTED BY YOUR EMPLOYEES OR BY OTHERS THAT ARISE FROM YOUR EMPLOYMENT PRACTICES IN ACCORDANCE WITH THE INDEMNIFICATION PROCEDURES SET FORTH IN SECTION 20.B.**

K. Designated Manager.

You shall designate and retain an individual to serve as your Designated Manager, or, alternatively, one of your Owners may serve as the Designated Manager. The Designated Manager as of the date of this Agreement is identified in Attachment C to this Agreement. Unless waived in writing by Franchisor, the Designated Manager shall meet all of the following qualifications:

(1) He or she, at all times, shall have full control over the day-to-day activities and operations of the Franchised Business and shall devote full time and best efforts to supervising the operation of the Franchised Business (and any other XP League businesses that you own and operate pursuant to a franchise agreement with Franchisor) and shall not engage in any other business or activity, directly or indirectly, that requires substantial management responsibility or time commitment;

(2) He or she shall successfully complete the initial training program and any additional training required by Franchisor;

(3) Franchisor shall have approved him or her as meeting its then-current Standards for such position, and not have later withdrawn such approval; and

(4) He or she shall have executed and delivered to Franchisor a Confidentiality and Noncompete Agreement in the form attached to this Agreement as Attachment E.

If the Designated Manager ceases to serve in, or no longer qualifies for such position, you shall inform the Franchisor immediately and designate another qualified person to serve as your Designated Manager within 30 days. Franchisor reserves the right to approve or reject your replacement Designated Manager. Your approved replacement Designated Manager must successfully complete the initial training program and execute and deliver to Franchisor a Confidentiality and Noncompete Agreement in the form prescribed by Franchisor before assuming Designated Manager responsibilities. We reserve the right to charge you our then-current reasonable training fee to train your new Designated Manager. Franchisee acknowledges and agrees that Franchisor shall have the right to rely upon the Designated Manager as having responsibility and decision-making authority regarding the Franchised Business's operation and Franchisee's business.

L. Signs and Logos.

Subject to any applicable local ordinances, and as applicable, you shall prominently display at the Franchised Business premises such interior and exterior signs, logos, and advertising of such nature, form, color, number, location, and size, and containing the content and information that Franchisor may from

time-to-time direct. You shall not display in or about the Franchised Business premises or otherwise regarding the Proprietary Marks any unauthorized sign, logo, or advertising media of any kind.

M. Compliance with Lease and other Agreements.

Franchisee shall comply with all terms of its lease or sublease or the agreement governing its access to and use of the site in which the Franchised Business operates, its financing agreements (if any), and all other agreements affecting the operation of the Franchised Business; shall undertake best efforts to maintain a good and positive working relationship with its landlord, lessor, and/or the party controlling the site in which the Franchised Business operates; and shall not engage in any activity which may jeopardize Franchisee's right to remain in possession of or access to, or to renew the lease, sublease or other agreement for, the premises of the Franchised Business.

Franchisee must at all times pay its distributors, contractors, suppliers, trade creditors, employees, lessors, lenders, tax authorities, and other creditors, promptly as the debts and obligations to such persons become due. Failure to do so shall constitute a breach of this Agreement.

N. Compliance with Laws and Good Business Practices.

You shall secure and maintain in full force in your name and at your expense all required licenses, permits, and certifications relating to the operation of the Franchised Business, including without limitation any licenses, permits, and certifications that may be required in the jurisdiction in which the Franchised Business is located with respect to services and programs (e.g., after-school programs and student camps) offered at your Franchised Business. You shall operate the Franchised Business in full compliance with all laws, ordinances, and regulations including, without limitation, all laws or regulations governing or relating to immigration and discrimination, occupational hazards, employment laws (including, without limitation, workers' compensation insurance, unemployment insurance, and the withholding and payment of federal and state income taxes and social security taxes) and the payment of sales taxes. All advertising and promotion for the Franchised Business shall be completely factual and shall conform to the highest standards of ethical advertising and all applicable law, including truth in advertising laws. In all dealings with the Franchised Business' customers, suppliers, and the public, you shall adhere to the highest standards of honesty, integrity, fair dealing, and ethical conduct. You acknowledge that the quality of customer service, and every detail of appearance and demeanor of you and your employees, is material to this Agreement and the relationship created and licenses granted hereby. Therefore, you shall endeavor to maintain high standards of quality and service in the operation of the Franchised Business, including operating in strict compliance with all applicable standards, rules, and regulations. You shall at all times give prompt, courteous, and efficient service to customers of the Franchised Business. You shall refrain from any business or advertising practices that may be injurious to the goodwill associated with the Proprietary Marks or to XP League brand, Franchisor or its Affiliates, the System, or other System franchisees.

You shall notify Franchisor in writing within five days after the commencement of: (1) any action, suit, or proceeding, or the issuance of any order, writ, injunction, award, or decree of any court, agency, or other governmental instrumentality, which may adversely affect the operation of the Franchised Business or your financial condition; or (2) any notice of violation of any law, ordinance, or regulation relating to health or sanitation at the Franchised Business.

O. Payment of Taxes and Other Indebtedness.

You shall promptly pay, when due, all taxes levied or assessed by any federal, state, or local tax authority and any and all other indebtedness incurred by you in the operation of the Franchised Business. In the event of any bona fide dispute as to liability for taxes assessed or other indebtedness, you may contest the validity or the amount of the tax or indebtedness in accordance with procedures of the taxing authority or applicable law; provided, however, in no event shall you permit a tax sale or seizure by levy of execution

or similar writ or warrant, or attachment by a creditor, to occur against the premises of the Franchised Business or any improvements thereon.

P. Membership Program.

Franchisor has established a multi-tier membership program for XP LEAGUE businesses (the "Membership Program"). You are obligated to participate in the Membership Program in accordance with the terms set forth in this Agreement and the Manual. All Membership Program fees you collect from members will be included in your Gross Sales and subject to the monthly Royalty Fee and other fees.

You must comply with the Standards for the Membership Program set forth in the Manual, including Membership Program tiers, pricing, and such other terms and conditions as we may establish from time to time. We or our Designated Supplier will administer the Membership Program, and we reserve the right to modify the structure of the Membership Program and the benefits of membership at any time upon notice to you. In connection with the sale of each membership, the customer must enter into a membership agreement with us in the form prescribed by us and we reserve the right to charge each customer a setup or additional fees to be paid to us, the amount of which we may set at our sole discretion, in addition to membership fees that customers may pay directly to you.

You acknowledge that we and our Affiliates have the right, through the point-of-sale or other technology system components, or otherwise, to independent and unrestricted access to lists of the Franchised Business's members and prospects, including names, addresses and other related information ("Member Information"). If we require your participation, you must sign the Dashboard Access Agreement, attached hereto as Attachment I and pay the relevant fees, and any other reporting software that we require from time to time. We and our Affiliates may use Member Information in our and their business activities, but, during the Term, we and our Affiliates will not use the Member Information that we or they learn from you or from accessing the point-of-sale or other technology system components to compete directly with the Franchised Businesses. Upon termination of this Agreement, we and our Affiliates reserve the right to make any and all disclosures and use the Member Information in any manner that we or they deem necessary or appropriate.

Q. Crisis Management Events.

Upon the occurrence of a Crisis Management Event, you must immediately inform Franchisor's President, Chief Executive Officer, or Chief Legal officer (or as otherwise instructed in the Manuals) by telephone, and to cooperate fully with Franchisor with respect to Franchisor's response to the Crisis Management Event. You shall also notify Franchisor immediately when you receive any media inquiries concerning the Franchised Business or Approved Location, including, but not limited to, the business operation and incidents and occurrences related to a customer or employee, and you shall direct all media inquiries to Franchisor. You must not communicate directly with the press or media, and you or your employees are prohibited from publishing your own statements on any other media, including on any social media platform. You shall follow all of Franchisor's policies, procedures, and instructions in every such situation, including, without limitation, managing public relations and communications, as directed by the Franchisor or as specified in the Manuals, whether or not you have retained outside counsel or a public relations firm to assist with such matters.

R. Franchise Advisory Council.

If Franchisor should, during the term of this Agreement, form or require the formation of a franchisee advisory council or association (hereinafter "Advisory Council") or such successor council to serve as an advisory council to Franchisor with respect to advertising, marketing, and other matters relating to franchised XP League Divisions, Franchisee may be required to become a member of the Advisory Council. In such event, Franchisee shall pay to the Advisory Council all dues and assessments authorized by the Advisory Council and shall otherwise abide by the rules and regulations of the Advisory Council and shall at all times maintain its membership in the Advisory Council in good standing. Franchisee and its

Owners are prohibited from participation in the Advisory Counsel if Franchisee is in default of this Agreement.

S. Computer Systems and Required Software.

The following terms and conditions shall apply with respect to the Computer System and Required Software:

(1) Franchisor shall have the right to specify or require that certain brands, types, makes, and/or models of communications, computer systems, cloud-based systems, Website portals, and hardware be used by, between, or among XP League Divisions, including without limitation: (a) data, audio, video, and voice storage, retrieval, and transmission systems for use at XP League Divisions, between or among XP League Divisions, and between and among the Franchised Business and Franchisor and/or Franchisee; (b) Point of Sale System; (c) physical, electronic, and other security systems; (d) printers and other peripheral devices; (e) archival back-up systems; and (f) internet access mode and speed (collectively, the "Computer System").

(2) Franchisor shall have the right, but not the obligation, to develop or have developed for it, or to designate: (a) computer software programs, cloud-based system software, Website portal programs and accounting system software that Franchisee must use in connection with the Computer System ("Required Software"), including without limitation, performance analytics and training and evaluation software and gaming software, which Franchisee shall install; (b) updates, supplements, modifications, or enhancements to the Required Software, which Franchisee shall install; (c) the tangible media upon which such Franchisee shall record data; and (d) the database file structure of Franchisee's Computer System.

(3) Franchisor shall have the right to designate certain games and associated software and hardware in order for Franchisee to provide services in the Franchised Business. Franchisee is required only to use such proprietary software and gaming modules that Franchisor designates, including to license specific aspects of such publisher requirements. Franchisee must pay Franchisor associated fees (the "Software Licensing and Event Registration Fees"), as indicated in the Manual, to obtain a license to the gaming software for your franchise. The Software Licensing and Event Registration Fees are subject to change and may increase from time to time, pro rata with such publisher's requirements.

(4) Franchisee shall record all sales on a cloud-based point of sale and payments processing system designated and approved by Franchisor in the Manuals or otherwise in writing ("Point of Sale System"), which shall be deemed part of the Franchisee's Computer System.

(5) Franchisee shall make, from time to time, such upgrades and other changes to the Computer System and Required Software as Franchisor may request in writing (collectively, "Computer Upgrades").

(6) Franchisee shall comply with all specifications issued by Franchisor with respect to the Computer System and the Required Software, and with respect to Computer Upgrades. Franchisee shall also afford Franchisor unimpeded access to Franchisee's Computer System and Required Software as Franchisor may request, in the manner, form, and at the times requested by Franchisor. In no way limiting the foregoing, Franchisee shall provide Franchisor with access to any web-based video feed of the Franchised Business.

(7) Franchisee shall comply with specifications issued by Franchisor with respect to video camera installation and operation in the Franchised Business, including granting Franchisor access to any video camera feed in any manner Franchisor may so require.

(8) Franchisee shall not hire third party or outside vendors to perform any services or obligations in connection with the Computer System, Required Software, or any other of Franchisee's obligations without Franchisor's prior written approval. Franchisor's consideration of any proposed outsourcing vendor(s) may be conditioned upon, among other things, such third party or outside vendor's entry into a confidentiality agreement with Franchisor and Franchisee in a form that is reasonably provided by Franchisor.

Franchisee and Franchisor acknowledge and agree that changes to technology are dynamic and not predictable within the term of this Agreement. In order to provide for inevitable but unpredictable changes to technological needs and opportunities, Franchisee agrees that Franchisor shall have the right to establish, in writing, reasonable new standards for the implementation of technology in the System; and Franchisee agrees that it shall abide by those reasonable new standards established by Franchisor as if this Section 11.S. were periodically revised by Franchisor for that purpose.

T. Business Data.

Franchisor may, from time-to-time, specify in the Manuals or otherwise in writing the information that Franchisee shall collect and maintain on the Computer System installed at the Franchised Business, and Franchisee shall provide to Franchisor such reports as Franchisor may reasonably request from the data so collected and maintained. All data pertaining to the Franchised Business, and all data created or collected by Franchisee in connection with the System (including Membership Data), or in connection with Franchisee's operation of the business (including without limitation data pertaining to or otherwise concerning the Franchised Business's customers) or otherwise provided by Franchisee (including, without limitation, data uploaded to, or downloaded from Franchisee's Computer System) is and will be owned exclusively by Franchisor, and Franchisor will have the right to use such data in any manner that Franchisor deems appropriate without compensation to Franchisee. Copies and/or originals of such data must be provided to Franchisor upon Franchisor's request. Franchisor hereby licenses use of such data back to Franchisee for the term of this Agreement, at no additional cost, solely for Franchisee's use in connection with the business franchised under this Agreement.

U. Franchisor-Sponsored Competitions.

Franchisor may conduct or sponsor regional or national competitions (including but not limited to the North American Finals) for the XP League system in which XP League franchisees may submit qualifying teams for competition. Franchisor reserves the right to charge Franchisee a registration fee, up to $500 per qualifying team submitted to regional or national Franchisor-sponsored competitions. If Franchisee submits a qualifying team, and upon Franchisor's acceptance of such team, at least one Owner or Designated Manager must attend the competition with Franchisee's qualifying team. Franchisee is responsible for all wages, travel, lodging, and other fees and costs for the Owner, the Designated Manager, or other personnel to attend.

V. Service Vehicle, Fixtures, Equipment, and Signs.

Under no circumstance shall Franchisee permanently attach any signs or trade dress bearing the Proprietary Marks at any Third Party Site. All signs and trade dress used by Franchisee at a Third Party Sites shall be portable, shall not be attached to any structure, and shall not be left at the Third Party Site overnight.

If Franchisee elects to operate a Service Vehicle Franchisee must obtain Franchisor's approval of any vehicle wrap and/or signs using the Proprietary Marks. Franchisee's Service Vehicle(s) must meet Franchisor's standards and specifications as to approved vehicles and must contain an exterior body wrap displaying the Proprietary Marks and interior configurations as approved and designated by Franchisor. Franchisee must maintain all of Franchisee's Service Vehicles in good and working order and in a safe and clean condition. Franchisee is exclusively responsible for the maintenance, care, costs and utilization of Franchisee's Service Vehicles.

W. Compliance with Lease and other Agreements.

Franchisee shall comply with all terms of its lease or sublease or the agreement governing its access to and use of Approved Location in which the Franchised Business operates, its financing agreements (if any), and all other agreements affecting the operation of the Franchised Business; shall undertake best efforts to maintain a good and positive working relationship with its landlord, lessor, and/or the party

controlling the site in which the Franchised Business operates; and shall not engage in any activity which may jeopardize Franchisee's right to remain in possession of or access to, or to renew the lease, sublease or other agreement for, the premises of the Franchised Business.

Franchisee must at all times pay its distributors, contractors, suppliers, trade creditors, employees, lessors, lenders, tax authorities, and other creditors, promptly as the debts and obligations to such persons become due. Failure to do so shall constitute a breach of this Agreement.

12. ORGANIZATION OF THE FRANCHISEE

A. Representations.

The Franchisee is required to be a Business Entity. If the Agreement was signed under the Franchisee's individual capacity, then such individuals are required to execute the Franchisor's form of the assignment and assumption agreement assigning this Agreement to the Business Entity within 30 days of the Effective Date.

If you are a Business Entity, you make the following representations and warranties: (1) the Business Entity is duly organized and validly existing under the laws of the state of its formation; (2) it is qualified to do business in the state or states in which the Franchised Business is located; (3) execution of this Agreement and the development and operation of the Franchised Business is permitted by its governing documents; and (4) unless waived in writing by Franchisor, its charter documents and its governing documents shall at all times provide that the activities of the Business Entity are limited exclusively to the development and operation of XP League businesses. You shall identify itself as the independent owner of the Franchised Business (in the manner required by Franchisor) in conjunction with any use of the Proprietary Marks, including on invoices, order forms, receipts, and business stationery, as well as at such conspicuous locations on the premises of the Franchised Business as Franchisor may designate in writing.

If you are an individual, or a partnership comprised solely of individuals, you make the following additional representations and warranties: (1) each individual has executed this Agreement; (2) each individual shall be jointly and severally bound by, and personally liable for the timely and complete performance and a breach of, each and every provision of this Agreement; and (3) notwithstanding any transfer for convenience of ownership pursuant to Article 17 of this Agreement, each individual shall continue to be jointly and severally bound by, and personally liable for the timely and complete performance and a breach of, each and every provision of this Agreement.

B. Governing Documents.

If you are a corporation, copies of your Articles of Incorporation, bylaws, other governing documents, and any amendments, including the resolution of the Board of Directors authorizing entry into and performance of this Agreement, and all shareholder agreements, including buy/sell agreements, must be furnished to Franchisor. If you are a limited liability company, copies of your Articles of Organization, operating agreement, other governing documents and any amendments, including the resolution of the Managers authorizing entry into and performance of this Agreement, and all agreements, including buy/sell agreements, among the members must be furnished to Franchisor. If you are a general or limited partnership, copies of your written partnership agreement, other governing documents and any amendments, as well as all agreements, including buy/sell agreements, among the partners must be furnished to Franchisor, in addition to evidence of consent or approval of the entry into and performance of this Agreement by the requisite number or percentage of partners, if that approval or consent is required by your written partnership agreement or applicable law. When any of these governing documents are modified or changed, you must promptly provide copies of the modifying documents to Franchisor. You must also provide a copy of the Business Entity's EIN and execute a new ACH Authorization Agreement (Attachment H), if the EIN changes.

C. Ownership Interests.

If you are a Business Entity, you represent that all of your equity interests are owned as set forth on Attachment C to this Agreement. In addition, if you are a corporation, you shall maintain a current list of all Owners, including owners of record and all beneficial owners of any class of voting securities of the corporation (and the number of shares owned by each). If you are a limited liability company, you shall maintain a current list of all members (and the percentage membership interest of each member). If you are a partnership, you shall maintain a current list of all owners of an interest in the partnership (and the percentage ownership interest of each general and limited partner). You shall comply with Article 17 of this Agreement prior to any change in ownership interests and shall execute any necessary addenda to Attachment C as changes occur to ensure the information contained in Attachment C is true, accurate, and complete at all times. You must also provide a copy of the Business Entity's EIN and execute a new ACH Authorization Agreement (Attachment H), if the EIN changes.

D. Restrictive Legend.

If you are a corporation, you shall maintain stop-transfer instructions against the transfer on your records of any voting securities, and each stock certificate of the corporation shall have conspicuously endorsed upon its face the following statement: "Any assignment or transfer of this stock is subject to the restrictions imposed on assignment by the XP League® Franchise Agreement(s) to which the corporation is a party." If you are a limited liability company, your operating agreement must include the following statement with respect to restrictions on transfers: "Any assignment or transfer of an interest in this limited liability company is subject to the restrictions imposed on assignment by the XP League® Franchise Agreement(s) to which the limited liability company is a party." If you are a partnership, your written partnership agreement shall provide that ownership of an interest in the partnership is held subject to, and that further assignment or transfer is subject to, all restrictions imposed on assignment by this Agreement.

E. Guarantees.

If you are a Business Entity, each Owner (and if you are a limited partnership, each of your general partner's Owners) shall execute the Undertaking and Guaranty attached hereto as Attachment D and the Confidentiality and Non-Competition Agreement attached hereto as Attachment E.

13. PROPRIETARY MARKS AND INTELLECTUAL PROPERTY

A. Acknowledgments.

You expressly understand and acknowledge that: (1) as between you and Franchisor, Franchisor is the exclusive owner of all right, title, and interest in and to the Proprietary Marks (and all goodwill symbolized by them) and the Intellectual Property; (2) the Proprietary Marks are valid and serve to identify the System and those who are licensed to operate a Franchised Business in accordance with the System; (3) your use of the Proprietary Marks and Intellectual Property pursuant to this Agreement does not give you any ownership interest or other interest in or to them, except the nonexclusive license to use them in accordance with this Agreement and the Standards; (4) any and all goodwill arising from your use of the Proprietary Marks, Intellectual Property and the System shall inure solely and exclusively to Franchisor's benefit, and upon expiration or termination of this Agreement, no monetary amount shall be assigned as attributable to any goodwill associated with your use of the System, Intellectual Property or the Proprietary Marks; (5) the license and rights to use the Proprietary Marks and Intellectual Property granted hereunder to you are nonexclusive; (6) Franchisor may itself use, and grant franchises and licenses to others to use, the Proprietary Marks, Intellectual Property, and the System; (7) Franchisor may establish, develop and franchise other systems, different from the System licensed to you herein, without offering or providing you any rights in, to, or under such other systems; and (8) Franchisor may add to, eliminate, modify, supplement, or otherwise change, in whole or in part, any aspect of the Proprietary Marks or Intellectual Property.

B. Modification of the Proprietary Marks and Intellectual Property.

Franchisor reserves the right to add to, eliminate, modify, supplement, or otherwise change any of the Proprietary Marks and Intellectual Property, in whole or in part. You must promptly take all actions necessary to adopt all new and modified Proprietary Marks or Intellectual Property and discontinue using obsolete Proprietary Marks or Intellectual Property which may include, among other things, acquiring and installing, at your expense, new interior and exterior signage and graphics.

C. Use of the Proprietary Marks and Intellectual Property.

You shall use only the Proprietary Marks and Intellectual Property designated by Franchisor and shall use them only in connection with the operation and promotion of the Franchised Business and in the manner required or authorized and permitted by Franchisor. Your right to use the Proprietary Marks and Intellectual Property is limited to the uses authorized under this Agreement and in the Manual, and any unauthorized use thereof shall constitute an infringement of Franchisor's rights and grounds for termination of this Agreement. Nothing in this Agreement shall be construed as authorizing or permitting the use of Proprietary Marks and Intellectual Property at any other location other than the Approved Location or for any other purpose except as may be authorized in writing by Franchisor.

You shall not use all or any recognizable portion of the Proprietary Marks as part of your Business Entity or other legal name, and may not use them to incur any obligation or indebtedness on Franchisor's behalf. You shall comply with all requirements of Franchisor's and applicable state and local laws concerning use and registration of fictitious and assumed names and shall execute any documents deemed necessary by Franchisor or its counsel to obtain protection for the Proprietary Marks or to maintain their continued validity and enforceability. You shall not use any confusingly similar trademarks in connection with the Franchise Business or any other business in which you or any Affiliate has an interest.

Franchisor reserves the right to approve all signs, memos, stationery, business cards, advertising material forms and all other objects and supplies using the Proprietary Marks. All advertising, publicity, point of sale materials, signs, decorations, furnishings, equipment, or other materials employing the Proprietary Marks shall be in accordance with this Agreement and the Manuals, and Franchisee shall obtain Franchisor's approval prior to such use.

Upon the expiration, termination, or non-renewal of this Agreement, Franchisee shall immediately cease using the Proprietary Marks and Intellectual Property, color combinations, designs, symbols or slogans; and Franchisor may cause Franchisee to execute such documents and take such action as may be necessary to evidence this fact. After the effective date of expiration, termination, or non-renewal, Franchisee shall not represent or imply that it is associated with Franchisor or the XP League franchise. To this end, Franchisee irrevocably appoints Franchisor or its nominee to be Franchisee's attorney-in-fact to execute, on Franchisee's behalf, any document or perform any legal act necessary to protect the Proprietary Marks from unauthorized use. Franchisee acknowledges and agrees that the unauthorized use of the Proprietary Marks and Intellectual Property will result in irreparable harm to Franchisor for which Franchisor may obtain injunctive relief, monetary damages, reasonable attorneys' fees and costs.

D. Internet and Social Media Usage.

You may not cause or allow all or any recognizable portion of the Proprietary Marks to be used or displayed as all or part of an e-mail address, Internet domain name, uniform resource locator ("URL"), or meta-tag, or in connection with any Internet home page, web site, mobile channels, or any other Internet-related activity without Franchisor's express written consent, and then only in a manner and in accordance with the Standard and the Manual. This prohibition includes use of the Proprietary Marks or any derivative of the Proprietary Marks as part of in the registration of any user name on any gaming Website, personal blogs or social networking website including, but not limited to, Facebook, LinkedIn, Yelp, Pinterest, Instagram, Tik Tok or Twitter, or any virtual worlds, file sharing, audio sharing and video-sharing sites.

You will at all times during the Term comply with our social media and networking policies will be provided to you in the Manual, and may be modified, amended, or terminated by us at any time.

E. Customer Data.

All customer information collected by Franchisee in connection with the operation of the Franchised Business ("Customer Data"), and all revenues Franchisor derives from such Customer Data, will constitute Franchisor's sole property and be considered Confidential Information. Franchisor may use such Customer Data for any reason without compensation to Franchisee. You will assign all rights in Customer Data to us as further described in Section 13.F. You will provide copies of all Customer Data to us upon request. At your sole risk and responsibility, you may use Customer Data that you acquire solely in connection with operating the Franchised Business to the extent your use is permitted by applicable law. Upon expiration, termination or transfer of your Franchise Agreement, you must immediately cease using all Customer Data and all copies of Customer Data must be returned to us and removed from your POS, computer hardware and software and any other form of electronic media or hard copy in your possession or to which you have access.

In connection with collecting, storing and using Customer Data, you will: (1) comply with all applicable privacy laws ("Privacy Laws"); (2) comply with all Standards that relate to Privacy Laws and the privacy and security of Customer Data; (3) comply with any posted privacy policy and other representations made to the individual identified by Customer Data you process and communicate any limitations required thereby to any authorized receiving party in compliance with all Privacy Laws; (4) refrain from any action or omission that could cause Franchisor to breach any Privacy Laws; (5) maintain reasonable physical, technical and administrative safeguards for Customer Data and other Confidential Information that is in your possession or control in order to protect the same from unauthorized processing, destruction, modification or use that would violate the Franchise Agreement or any Privacy Law; (6) do and sign, or arrange to be done and signed, each act and document we deem necessary in our business judgment for us to maintain compliance with Privacy Laws; and (7) immediately report to us any theft or loss of Customer Data (other than the Customer Data of your own officers, directors, shareholders, employees or service providers).

You will, upon our request, provide us or representatives with: (1) information, reports and the results of any audits performed on your Franchised Business regarding your data security policies, security procedures or security technical controls related to Customer Data; and (2) access to your technology systems and related records, policies and practices that involve processing Customer Data in order to mitigate a security incident or so that an audit may be conducted.

In addition to the indemnity obligations set forth in Section 20.B and in accordance with the indemnification procedures set forth in Section 20, you will indemnify, defend and hold us harmless from losses arising out of or relating to any theft, loss or misuse of Customer Data or your breach of any of the terms, conditions or obligations relating to data security, privacy or Customer Data set forth in this Agreement.

You will immediately notify us upon discovering or otherwise learning of any theft, loss or misuse of Customer Data. You will, at your sole cost and expense, undertake remediation efforts and reasonably cooperate in any remediation efforts undertaken by us and further will implement corrective actions to prevent the recurrence of a similar incident. You will comply with the crisis management policies set forth in the Manual in connection with any data security incident involving your Franchised Business or XP League system and will refrain from making any public comment with respect to such incident, including without limitation communications with customers regarding such incident, except as directed by us or in accordance with applicable law. You will provide all documentation and information to us related to any incident involving the unauthorized access or use of Customer Data. Where you are required by applicable law to notify customers directly about the incident, you must notify us in writing promptly after concluding

that you have such a legal obligation and you will limit such notice to the customers to whom you are legally required to provide notice. You will reasonably cooperate with us in connection with any notice to customers and will assist in sending notices to such customers at our request.

F. Assignment of Rights.

In addition to your obligations set forth in Section 10 with respect to development of new concepts, modifications or improvements to the System, to the extent that you or any Owner or personnel creates any derivative work based on the Proprietary Marks or Intellectual Property ("Derivative Works"), you and each such Owner and personnel hereby permanently and irrevocably assigns to Franchisor all rights, interests, and ownership (including intellectual property rights and interests) in and to the Derivative Works, and agree to execute such further assignments as Franchisor may request. The term "Derivative Works" shall be interpreted to include, without limitation: any and all of the following which is developed by you, or on your behalf, if developed in whole or in part in connection with your Franchised Business: all products or services; all variations, modifications and/or improvements on products or services; your means, manner and style of offering and selling products and services; management techniques or protocols you may develop (or have developed on your behalf); all sales, marketing, advertising, and promotional programs, campaigns, or materials developed by you or on your behalf; and, all other intellectual property developed by you or on behalf of your Franchised Business.

Franchisor may authorize itself, its Affiliates, and other Franchised Businesses to use and exploit any such rights assigned by this Section 13.F. The sole consideration for your assignment to Franchisor of the foregoing rights shall be Franchisor's grant of the Franchised Business conferred to you under this Agreement. You and each Owner shall take all actions and sign all documents necessary to give effect to the purpose and intent of this Section 13.F. You and each Owner and personnel irrevocably appoint Franchisor as true and lawful attorney-in-fact for you and each Owner and authorize Franchisor to take such actions and to execute, acknowledge, and deliver all such documents as may from time-to-time be necessary to convey to Franchisor all rights granted herein.

G. Infringement; Notice of Claims.

If you become aware of any infringement of the Proprietary Marks or Intellectual Property or if your use of the Proprietary Marks or Intellectual Property is challenged by a third party, then you must immediately notify Franchisor. Franchisor shall have the exclusive right to take whatever action it deems appropriate. If Franchisor or its Affiliate undertakes the defense or prosecution of any litigation pertaining to any of the Proprietary Marks or other intellectual property, you must sign all documents and perform such acts and things as, in the opinion of Franchisor's counsel, may be necessary to carry out such defense or prosecution. If it becomes advisable at any time in the sole discretion of Franchisor to modify or discontinue the use of any Proprietary Mark or Intellectual Property, or to substitute a new mark or graphic for any Proprietary Mark or Intellectual Property, as applicable, you must promptly comply, at your expense (which may include the cost of replacement signage and/or trade dress), with such modifications, discontinuances, or substitutions within 60 days following your receipt of written notice of the change.

H. Remedies and Enforcement.

You acknowledge that violation of this Article 13 is a material breach of this Agreement for which Franchisor may terminate this Agreement pursuant to Section 18.B. You acknowledge that in addition to any remedies available to Franchisor under this Agreement, you agree to pay all court costs and reasonable attorneys' fees incurred by Franchisor in obtaining specific performance of, a temporary restraining order and/or an injunction against violation of the provisions of this Article 13.

14. CONFIDENTIALITY OBLIGATIONS AND RESTRICTIVE COVENANTS

A. Confidential Information.

You and each Owner acknowledge that all Confidential Information belongs exclusively to Franchisor. You and each Owner agree to use and permit the use of the Confidential Information only in connection with the operation of your Franchised Business, to maintain the confidentiality of all Confidential Information, to not duplicate any materials containing Confidential Information. You and each Owner further agree that you will not at any time, during the term of this Agreement and after expiration or earlier termination of this Agreement: (1) divulge any Confidential Information to anyone, except to your employees and professionals advisors having a need to know who are subject to a confidentiality agreement with you (the form of which shall contain at least the same level of confidentiality and degree of care related to nondisclosure required under this Agreement); (2) divulge or use any Confidential Information for the benefit of yourself, your Owners, or any third party (including any person, business entity, or enterprise of any type or nature), except in the operation of your Franchised Business, and then only in strict compliance with the Manual and System; or (3) directly or indirectly imitate, duplicate, or "reverse engineer" any of our Confidential Information, or aid any third party in such actions.

Upon the expiration or earlier termination of this Agreement, you will return to Franchisor all Confidential Information which is then in your possession, including, without limitation, customer lists and records, all training materials and other instructional content, all financial and non-financial books and records, the Manual and any supplements to the Manual, and all computer databases, software, and manual. Franchisor reserves the right, upon its specific written request, to require you to destroy all or certain such Confidential Information and to certify such destruction to Franchisor. You specifically acknowledge that all customer lists or information adduced by your Franchised Business is not your property, but is Franchisor's property, and you further agree to never contend otherwise.

You shall cause your Designated Manager and any employee, professional advisors or other third party with authorized access to Confidential Information as described in this Section 14.A, including information contained in the Manual, to sign a confidentiality agreement in a form approved by Franchisor, which identifies Franchisor as a third-party beneficiary of such agreement and gives Franchisor independent rights of enforcement.

The provisions of this Section 14.A will survive expiration or termination of this Agreement.

B. Covenants of the Franchisee.

You acknowledge that you and your Owners will receive valuable specialized training and Confidential Information, including, without limitation, information regarding development and operation methods, strategies, and procedures; sales, promotional, and marketing methods; techniques and other trade secrets of Franchisor and the System.

You covenant and agree that during the term of this Agreement, you will not, either directly or indirectly, for yourself, or through, on behalf of, or in conjunction with any person, or legal entity:

(1) Divert or attempt to divert any present or prospective customer of any XP League business to any Competitive Business, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act that is harmful, injurious, or prejudicial to the goodwill associated with the Proprietary Marks and the System; or

(2) Own, maintain, advise, operate, engage in, be employed by, make loans to, invest in, provide any assistance to, or have any interest in (as owner or otherwise) or relationship or association with, any Competitive Business other than XP League businesses operated by you or your Affiliates pursuant to a then-currently effective franchise agreement with Franchisor, at any location within the United States, its territories or commonwealths, or any other country, province, state, or geographic area in which Franchisor or its Affiliates have used, sought registration of, or registered the Proprietary Marks or similar marks, or

have operated or licensed others to operate a business under the System or the Proprietary Marks or similar marks; provided that such restriction shall not apply to less than a 5% beneficial interest in any publicly traded corporation.

You further covenant and agree that for a two (2)-year continuous and uninterrupted period (which shall be tolled during any period of noncompliance) commencing upon expiration or termination of this Agreement, regardless of the reason for termination, you will not, either directly or indirectly, for yourself, or through, on behalf of, or in conjunction with any person, or legal entity:

(1) Divert or attempt to divert any present or prospective customer of any XP League business to any Competitive Business, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act that is harmful, injurious, or prejudicial to the goodwill associated with the Proprietary Marks and the System; or

(2) Own, maintain, advise, operate, engage in, be employed by, make loans to, invest in, provide any assistance to, or have any interest in (as owner or otherwise) or relationship or association with, any Competitive Business (other than XP League businesses operated by you or your Affiliates pursuant to a then-currently effective Franchise Agreement with Franchisor), that either: (a) is, or is intended to be, located (i) at the location of any former XP League business; (ii) within a 25-mile radius of your former Franchised Business location (*i.e.*, any Approved Location); or (iii) within the Protected Area of any other XP League business in existence or under development at the time of such termination or transfer, or within 25-miles of the border of any such Protected Area; or (b) delivers services through the internet or mobile channels to customers within a 25-mile radius of your former Franchised Business location.

Franchisee and its Owners shall not communicate or publish, directly or indirectly, any disparaging comments or information about Franchisor or the System during the term of this Agreement or thereafter. This provision shall include, but not be limited to, communication or distribution of information through the Internet via any Electronic Media.

C. Covenants of the Franchisee's Owners.

During the term of this Agreement, your Owners will not, either directly or indirectly, for themselves, or through, on behalf of, or in conjunction with any person, or legal entity:

(1) Divert or attempt to divert any present or prospective customer of any XP League business to any Competitive Business, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act that is harmful, injurious, or prejudicial to the goodwill associated with the Proprietary Marks and the System; or

(2) Own, maintain, advise, operate, engage in, be employed by, make loans to, invest in, provide any assistance to, or have any interest in (as owner or otherwise) or relationship or association with, any Competitive Business other than XP League businesses operated by you or your Affiliates pursuant to a then-currently effective Franchise Agreement with Franchisor, at any location within the United States, its territories or commonwealths, or any other country, province, state, or geographic area in which Franchisor or its Affiliates have used, sought registration of, or registered the Proprietary Marks or similar marks, or have operated or licensed others to operate a business under the System or the Proprietary Marks or similar marks; provided that such restriction shall not apply to less than a 5% beneficial interest in any publicly traded corporation.

For a two (2) year continuous and uninterrupted period (which shall be tolled during any period of noncompliance) commencing upon the earlier of (i) expiration or termination of this Agreement, regardless of the cause for termination, (ii) dissolution of the franchisee entity, or (iii) the transfer or redemption of an Owner's interest in the franchisee entity, your Owners will not, either directly or indirectly, for themselves, or through, on behalf of, or in conjunction with any person, or legal entity:

(1) Divert or attempt to divert any present or prospective customer of any XP League business to any Competitive Business, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act that is harmful, injurious, or prejudicial to the goodwill associated with the Proprietary Marks and the System; or

(2) Own, maintain, advise, operate, engage in, be employed by, make loans to, invest in, provide any assistance to, or have any interest in (as owner or otherwise) or relationship or association with, any Competitive Business (other than XP League businesses operated by you or your Affiliates pursuant to a then-currently effective Franchise Agreement with Franchisor), that either: (a) is, or is intended to be, located (i) at the location of any former XP League business; (ii) within a 25-mile radius of your former Franchised Business location; or (iii) within 25 miles of the border of the Protected Area of any other XP League business operating under the System and Proprietary Marks in existence or under development at the time of such termination or transfer; or (b) delivers services through the internet or mobile channels to customers within a 25-mile radius of your former Franchised Business location.

At Franchisor's request, each Owner shall execute a separate agreement containing the terms contained in this Section 14.C.

D. Reformation and Reduction of Scope of Covenants.

If any part of these restrictions contained in this Article 14 is found to be unreasonable in time or distance, each month of time or mile of distance may be deemed a separate unit so that the time or distance may be reduced by appropriate order of the court or arbiter to that deemed reasonable. If, at any time during the two-year period following the expiration, termination, or approved transfer of this Agreement or the date any Owner ceases to be an Owner under this Agreement, Franchisee or any of its Owners fails to comply with its obligations under this Article 14, that period of non-compliance will not be credited toward satisfaction of the two-year period.

Franchisee understands and acknowledges that Franchisor shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in this Article 14, or any portion thereof, without Franchisee's consent, effective immediately upon receipt by Franchisee of written notice thereof; and Franchisee agrees that it shall comply forthwith with any covenant as so modified, which shall be fully enforceable notwithstanding the provisions of Article 23 hereof.

E. Acknowledgments.

The parties and each Owner acknowledge and agree that any claims that you or such Owner may have or allege to have against Franchisor shall not constitute a defense to the enforcement of any covenant contained in this Article 14 or any Confidentiality and Non-Competition Agreement (or equivalent) signed by such Owner or any Confidentiality and Non-Competition Agreement (or equivalent) signed by such Owner.

F. No Undue Hardship.

You and each Owner acknowledge and agree that the covenants set forth in this Article 14 are fair and reasonable. You acknowledge and agree that such covenants will not impose any undue hardship on you and that you have other considerable skills, experience, and education affording you the opportunity to derive income from other endeavors. Each Owner acknowledges and agrees that such covenants will not impose any undue hardship on him or her, and that each has other considerable skills, experience, and education affording him or her the opportunity to derive income from other endeavors.

G. Injunctive Relief.

You and each Owner acknowledge that the violation of any covenant contained in this Article 14 would result in immediate and irreparable injury to Franchisor for which there is no adequate remedy at law. The parties acknowledge and agree that, in the event of a violation of any covenant contained in this

Article 14, Franchisor shall be entitled to seek injunctive relief to restrain such violation in accordance with the usual equity principles. The party in violation of any foregoing covenant shall reimburse Franchisor for any costs that it incurs (including attorneys' fees) in connection with enforcement of the provisions contained in this Article 14.

15. BRAND DEVELOPMENT; MARKETING

A. General Requirements.

In addition to contributions to the NAF, you must make the Local Marketing Expenditure and the Advertising Cooperative contribution under Section 15.C., as designated by Franchisor, provided that the combined amount for the NAF Contribution, Local Marketing Expenditure, and Advertising Cooperative shall not exceed 6% of Gross Sales in the aggregate during any 12-month period. Franchisor may allocate up to 5% of Gross Sales to the NAF Contribution. The Local Marketing Expenditure is set forth in the Summary Page. At Franchisor's request, Franchisee will furnish Franchisor with copies of invoices and other documentation reasonably satisfactory to Franchisor evidencing compliance with this Section 15.A. If Franchisor determines that Franchisee's Local Marketing Expenditure, combined with the NAF Contribution and Advertising Cooperative contribution, total less than the then-current percentage of Gross Sales required by Franchisor during the then-most recently completed three consecutive months, Franchisor may notify Franchisee of any additional amounts that Franchisee must spend (up to the then-current percentage of Gross Sales required by Franchisor) on local marketing, and if Franchisee has not spent such additional amounts (in addition to any ongoing marketing requirements) by the end of the three-month period following the month in which Franchisee receives such notice, then Franchisor may collect those unspent amounts directly from Franchisee's account pursuant to Section 6.G. and contribute them to the NAF, without any liability or obligation to use such funds for Franchisee's local advertising. Alternatively, at Franchisor's discretion, Franchisor may collect these monies from you and place the advertising on your behalf. Franchisor will provide Franchisee with not less than 30 days' notice of any determination which changes the amount of the Local Marketing Expenditure Franchisee must spend.

You shall focus your marketing activities only within your Protected Area. You may engage in direct marketing activities in the Protected Area. For purposes of this agreement, "direct marketing activities" include, without limitation, personal solicitations, direct mailings, sporting event sponsorships and advertising, and school event sponsorships and advertising. "Direct marketing activities" does not include web site advertising or targeted emails or text messages to existing customers. Franchisor may develop policies and procedures that apply to all types of advertising and marketing efforts, including social media advertising, and Franchisee shall comply with such policies and procedures. You may not conduct marketing activities outside of your Protected Area, unless Franchisor provides you with written consent specifically identifying the additional areas and time frame in which you may market outside of your Protected Area.

All of your promotional and marketing materials shall comply with applicable law and conform to Franchisor's standards and specifications related to advertising, marketing, and trademark use. You shall submit to Franchisor samples of proposed promotional and marketing materials, and notify Franchisor of the intended media, before first publication or use. Franchisor will use good faith efforts to approve or disapprove proposed promotional and marketing materials within ten business days after receipt. You may not use the promotional or marketing materials until Franchisor expressly approves the materials and the proposed media. Once approved, you may use the materials only in connection with the media for which they were approved. Franchisor may disapprove your promotional or marketing materials, or the media for which they were approved, at any time, and you must discontinue using any disapproved materials or media upon your receipt of written notice of disapproval.

Franchisor reserves the right to identify a Designated Supplier, who may be Franchisor's Affiliate, of local and regional marketing services and/or establish a Systemwide Supply Contract for local and

regional marketing services. In such case, Franchisor may collect all or a portion of the Local Marketing Expenditure in accordance with Section 6.G. and apply it to fees payable to the Designated Supplier for such local and regional marketing services. Franchisor also reserves the right to appoint an Affiliate to provide local and regional marketing services to Franchisee, and if established, Franchisee is required to submit a portion or all of the Local Marketing Expenditure to such Affiliate to satisfy the requirements under this Section 15.A. If the full amount of the Local Marketing Expenditure is applied to fees due under such a Systemwide Supply Contract, then Franchisee may, but is not required to, conduct additional or supplemental local marketing activities in accordance with this Section 15.A. If Franchisor collects less than the full amount of the Local Marketing Expenditure, then Franchisee must spend the remaining Local Marketing Expenditure in its marketing activities in its Protected Area in accordance with this Section 15.A.

Franchisee acknowledges and agrees that any and all copyrights in and to advertising and promotional materials developed by or on behalf of Franchisee shall be the sole property of Franchisor, and Franchisee agrees to execute such documents (and, if necessary, require its independent contractors to execute such documents) as may be deemed reasonably necessary by Franchisor to give effect to this provision. Any advertising, marketing, promotional, public relations, or sales concepts, plans, programs, activities, or materials proposed or developed by Franchisee for the Franchised Business or the System and approved by Franchisor may be used by Franchisor and other operators under the System of Franchisor without any compensation to Franchisee.

B. Grand Opening Advertising.

You agree to spend at least the Grand Opening Advertising Amount set forth in the Summary Page in accordance with the Standards and Franchisor's specifications to promote the opening of your Franchised Business. All grand opening advertising and promotional materials shall be submitted to Franchisor for approval pursuant to Section 15.A, above. The Grand Opening Advertising shall generally occur within a 12-week period, starting a period before the Opening Date and ending thereafter, as more specifically determined by the Franchisor on a case-by-case basis before commencement of the Grand Opening Advertising campaign. Franchisor reserves the right to require a Designated Supplier, which may be its Affiliate, to conduct your Grand Opening Advertising.

C. Advertising Cooperatives.

Franchisor may, from time-to-time, form local or regional advertising cooperatives (each an "Advertising Cooperative") to pay for the development, placement, and distribution of advertising for the benefit of Franchised Businesses located in the geographic region served by the Advertising Cooperative. Any Advertising Cooperative established by Franchisor will be operated solely as a conduit for the collection and expenditure of Advertising Cooperative fees for the foregoing purposes.

If Franchisor forms an Advertising Cooperative for the region in which the Franchised Business is located, you agree to participate in the Advertising Cooperative pursuant to the terms of this Section 15.C.

Franchisor shall have the exclusive right to create, dissolve, and merge each Advertising Cooperative created, in its discretion, and to create and amend the organizational and governing documents related thereto, provided that such documents shall: (1) operate by majority vote, with each XP League business (including those owned or managed by Franchisor or its Affiliates) entitled to one vote; (2) entitle Franchisor to cast one vote (in addition to any votes it may be entitled to on account of its ownership or operation of XP League businesses in the area served by the Advertising Cooperative); (3) permit the members of the Advertising Cooperative, by majority vote, to determine the amount of required contributions; and (4) provide that any funds left in the Cooperative at the time of dissolution shall be returned to the members in proportion to their contributions during the 12-month period immediately preceding termination. If the majority of the voting power of an Advertising Cooperative consists of XP League businesses owned by Franchisor or its Affiliates, contributions will not exceed $10,000 per year without the consent of a majority of the remaining members.

You agree to be bound by all organizational and governing documents created by Franchisor and, at Franchisor's request, shall execute all documents necessary to evidence or affirm your agreement. The Advertising Cooperative shall begin operating on a date determined in advance by Franchisor.

No advertising or promotional plans or materials may be used by the Advertising Cooperative or furnished to its members without Franchisor's prior approval. All advertising plans and materials must conform to the Standards and must be submitted to Franchisor for approval according to the procedures set forth in Section 15.A of this Agreement.

D. Restriction Against Internet Advertising.

You may not establish or maintain a web site or other presence on the World Wide Web portion of the Internet, including gaming websites or social networking websites such as, but not limited to, Facebook, LinkedIn, Tiktok, Yelp, or Twitter, which reflects any of the Proprietary Marks or any of Franchisor's copyrighted works, that includes the term "XP League" as part of its URL or domain name, that otherwise states or suggests your affiliation with XP League brand or franchise system, or that uses or displays any collateral merchandise offered at the Franchised Business, without Franchisor's express written consent, and then only in a manner and in accordance with the procedures, standards and specifications that Franchisor establishes. Our social media and networking policies will be provided to you in the Manual, and may be modified, amended, or terminated by us at any time.

E. NAF.

Franchisor may implement and administer the NAF for the creation and development of marketing, advertising, and related programs, campaigns and materials for the implementation of Franchisor's brand positioning. Franchisee will contribute the NAF Contribution to the NAF as set forth in Section 6.D. of this Agreement unless Franchisor suspends, at its option, collection of the NAF Contribution. Franchisor may, at its sole option, increase the NAF Contribution upon 60 days' prior notice to Franchisee, subject to the limitations in Section 15.A.

Franchisor will direct all initiatives related to the positioning of the brand using the NAF, including without limitation advertising and marketing programs (e.g. research methods, branding, creative concepts and materials, sponsorships, and endorsements used in connection therewith); selection of geographic and media markets; and media placement and the allocation thereof. Franchisor may use the NAF to pay the costs of research (including without limitation product and services research and development, curriculum and program development), market research (e.g. customer engagement with the brand, including design and décor, concept development, uniform design, customer service techniques, customer research and focus groups) creation and production of video, audio, electronic, and written advertising and marketing programs; administration of regional, multi-regional, and national advertising and marketing programs, customer research and surveys, and testing and related development activities; promotional events; purchasing and participating in online, social media, radio, television, and billboard advertising and programming; employing marketing, advertising and promotional agencies to assist therewith; conducting community relations activities; supporting public relations, maintenance of the System websites, and online presence; reasonable administrative expenses (including, but not limited to wages), public relations activities, Crisis Management Event management, employing a director and agencies to assist therein, defraying such salaries, administrative costs and overhead as Franchisor may incur in connection with such activities and other purposes deemed beneficial by Franchisor; and such other advertising, marketing, and promotional activities as Franchisor determines are appropriate for XP League businesses and the Proprietary Marks and System under which they operate. For the avoidance of doubt, Franchisee will ultimately be responsible for the costs associated with the placement of any such marketing and media for the Franchised Business in accordance with Section 15.A. The NAF may furnish Franchisee with samples of advertising, marketing formats, promotional formats, and other materials at no additional cost when

Franchisor deems appropriate. Multiple copies of such materials will be furnished to Franchisee at Franchisee's sole cost.

(1) Accounting. The NAF will be accounted for separately from Franchisor's other funds and will not be used to defray any of Franchisor's general operating expenses, except for such reasonable salaries, administrative costs, travel expenses, and overhead as Franchisor may incur in activities related to the administration of the NAF and its programs, including as described in this Section 15.E and with respect to collecting and accounting for contributions to the NAF. The NAF will be operated solely as a conduit for collecting and expending the NAF Contribution. Franchisor does not act as trustee with respect to the NAF and has no fiduciary duty to Franchisee or its Affiliates, Owners or any other franchisees with regard to the operation or administration of the NAF. Franchisor may spend, on behalf of the NAF, in any fiscal year, an amount that is greater or less than the aggregate contribution of XP League businesses to the NAF in that year, and the NAF may borrow from Franchisor or others to cover deficits or may invest any surplus for future use. All interest earned on monies contributed to the NAF will be used to pay advertising costs before other assets of the NAF are expended. Franchisor will, upon Franchisee's written request (but no more than once annually), provide a copy of its unaudited annual statement of monies collected and costs incurred by the NAF. Franchisor will have the right to cause the NAF to be incorporated or operated through a separate entity at such time as Franchisor deems appropriate, and such successor entity will have all of the rights and duties specified herein.

(2) Proportionality. Franchisee acknowledges that the NAF is intended to maximize recognition of the Proprietary Marks and patronage of XP League businesses generally. Although Franchisor will endeavor to utilize the NAF to develop advertising and marketing materials and programs and to place advertising that will benefit the System, Franchisor has no obligation to ensure that expenditures by the NAF in or affecting any geographic area are proportionate or equivalent to the contributions to the NAF by XP League businesses operated in that geographic area. Nor is Franchisor under any obligation to ensure that any XP League business will benefit directly or in proportion to its NAF Contribution from the development of advertising and marketing materials or the placement of advertising, or that all XP League businesses operated by Franchisor or any of its Affiliates will pay the same NAF Contribution. Except as expressly provided in this Section 15.E, Franchisor assumes no direct or indirect liability or obligation to Franchisee with respect to collecting amounts due to, or maintaining, directing or administering the NAF. Franchisor reserves the right to suspend or terminate (and, if suspended or terminated, to reinstate) the NAF. If the NAF is terminated, all unspent monies on the date of termination accrued will be distributed to franchisees operating XP League businesses in proportion to their respective contributions to the NAF accrued during the preceding three-month period, and such amounts will be spent on local marketing in accordance with Section 15.A.

(3) Unleashed Fund. Franchisor or its Affiliate reserves the right to establish an advertising fund separate from the NAF (the "Unleashed Fund") for advertising activities related to Franchisor's affiliates. Franchisee will not contribute directly to the Unleashed Fund. When the Unleashed Fund is established, the NAF shall contribute up to 5% of its monthly balance to the Unleashed Fund. The Unleashed Fund is not audited, and Franchisor is not required to provide any financial reports or other reports of Unleashed Fund. Franchisor or its affiliate will have the right to cause the Unleashed Fund to be incorporated or operated through a separate entity our affiliates own and manage if we deem it appropriate, and the successor entity will have all of the same rights and duties.

F. Loyalty Programs, Prize Promotions, and Promotional Literature.

You shall participate in and offer to your customers all customer loyalty and reward programs, promotional programs, and all contests, sweepstakes, and other promotions that Franchisor may develop from time-to-time, which may include discount or complimentary products or services. Franchisor will communicate to you in writing the details of each such program and promotion, and you shall promptly display all point-of-sale advertising and promotion-related information at such places within the Franchised

Business premises as Franchisor may designate. You shall purchase and distribute all coupons, clothing, toys, and other collateral merchandise (and only the coupons, clothing, toys, and collateral merchandise) designated by Franchisor for use in connection with each such program and promotion.

To the extent that Franchisor develops or authorizes the sale of gift certificates and/or stored value cards, you shall acquire and use all computer software and hardware necessary to process their sale and to process purchases made using them. All proceeds from the sale of all gift certificates and stored value cards belong exclusively to Franchisor, and you shall remit the proceeds of such sales to Franchisor according to the procedures that Franchisor prescribes periodically. Franchisor shall reimburse or credit to you (at Franchisor's option) the redeemed value of gift cards and stored value cards accepted as payment for products and services sold by the Franchised Business.

You also shall display at the Franchised Business premises all promotional literature and information as Franchisor may reasonably require from time-to-time. This may include, among other things, establishing a bulletin board for posting local school and community events and displaying signage or other literature containing information about XP League franchise offering.

You also agree to honor such credit cards, courtesy cards, and other credit devices, programs, and plans as may be issued or approved by us from time-to-time. Any reasonable and customary service charges or discounts from reimbursements charged on such cards or authorizations will be at your sole expense.

G. Social Media Accounts License.

At Franchisee's request and upon Franchisee's execution of a terms of use agreement in a form provided by Franchisor, Franchisor may, technology permitting, create all Social Media accounts related to the Franchised Business, and license the account to Franchisee for use in promoting the Franchised Business while this Agreement is in effect. Franchisee shall follow Franchisor's mandatory specifications, standards, operating procedures, and rules for using Social Media in connection with Franchisee's operation of the Franchised Business and Franchisee agrees to comply with any Social Media policy Franchisor implements. Franchisor shall own all Social Media accounts used in operation of the Franchised Business and shall allow Franchisee's access and use only in strict compliance with this Agreement. Franchisor reserves its right to remove Franchisee's access to Social Media accounts at any time at its sole discretion. Upon termination of this Agreement for any reason, Franchisee's access to all Social Media accounts will terminate. The term "Social Media" includes, without limitation: blogs; common social networks such as Facebook, Snapchat, Instagram, LinkedIn, Tiktok, Twitter, or YouTube; internet listing sites such as Wikipedia, Google, and Yelp; applications supported by mobile platforms such as iOS and Android; virtual worlds and metaverses; file, audio, and video-sharing sites; and other similar internet, social networking, or media sites, mobile platforms, or tools.

Franchisee shall use all Social Media accounts and all content associated with the Social Media accounts only in connection with the operation and promotion of the Franchised Business. Franchisee has no right to sublicense use of the Social Media accounts. Franchisee acknowledges that Franchisor owns the Social Media accounts, all goodwill, all customer information, all analytical data, and all content associated with the Social Media accounts. Franchisee's use of the Social Media accounts will inure to the sole benefit of Franchisor. Franchisor shall possess exclusive rights to "likes," "favorites," "retweets," "followers," and other similar benefits ("Benefit") that come as a result of Franchisee's use of the Social Media accounts. Nothing herein shall grant Franchisee any right, title or interest in or to the Social Media accounts, goodwill, customer information, analytical data, content or Benefit associated with the Social Media accounts, other than the right to use it per this Agreement. Franchisee shall take no action inconsistent with Franchisor's ownership of the Social Media accounts, goodwill, customer information, analytical data, content or Benefit associated with the use of the Social Media accounts, or assist any third party in attempting to claim adversely to Franchisor, with regard to such ownership. Without limiting the generality of the foregoing, Franchisee specifically agrees that it will not challenge Franchisor's ownership

of the Social Media accounts, goodwill, customer information, analytical data, content or any Benefit associated with the Social Media accounts.

Franchisee undertakes that its use of the Social Media accounts under this Agreement: (a) will comply in all material respects with the applicable platform's terms and conditions in force from time to time; (b) will not breach any applicable law, statute, regulation or legally binding code; (c) will not infringe the legal rights of any person in any jurisdiction; (d) will be used only to publish content about the Franchised Business; and (e) will not breach any provision of the Franchise Agreement and will comply at all times with Franchisor's policies, standards, and specifications, as they exist from time to time.

H. Website and Intranet.

In connection with any Website, Franchisee agrees to the following:

(1) Franchisor shall have the right, but not the obligation, to establish and maintain a Website, which may, without limitation, promote the Proprietary Marks, any or all of the XP League Divisions, the franchising of XP League Divisions, and/or the System. Franchisor shall have the sole right to control all aspects of the Website, including without limitation its design, content, functionality, links to the websites of third parties, legal notices, and policies and terms of usage; Franchisor shall also have the right to discontinue operation of the website.

(2) Franchisor shall have the right, but not the obligation, to designate one or more web page(s) to describe Franchisee and/or the Franchised Business, with such web page(s) to be located within Franchisor's Website. Franchisee shall comply with Franchisor's policies with respect to the creation, maintenance and content of any such web pages; and Franchisor shall have the right to refuse to post and/or discontinue posting any content and/or the operation of any web page.

(3) Franchisee shall not establish a separate Website, without Franchisor's prior written approval (which Franchisor shall not be obligated to provide). If approved to establish a Website, Franchisee shall comply with Franchisor's policies, standards and specifications with respect to the creation, maintenance and content of any such Website. Franchisee specifically acknowledges and agrees that any Website owned or maintained by or for the benefit of Franchisee shall be deemed "advertising" under this Agreement and will be subject to (among other things) Franchisor's approval under Section 13 below.

(4) Franchisor shall have the right to modify the provisions of this Section 15.H. relating to Websites as Franchisor shall solely determine is necessary or appropriate.

Franchisor may establish a Website providing private and secure communications between Franchisor, Franchisee, franchisees, licensees and other persons and entities as determined by Franchisor, in its sole discretion (an "Intranet"). Franchisee shall comply with Franchisor's requirements (as set forth in the Manuals or otherwise in writing) with respect to connecting to the Intranet, and utilizing the Intranet in connection with the operation of the Franchised Business. The Intranet may include, without limitation, the Manuals, training or other assistance materials, and management reporting solutions (both upstream and downstream, as Franchisor may direct). Franchisee shall purchase and maintain such computer software and hardware as may be required to connect to and utilize the Intranet.

Franchisee shall comply with Franchisor's requirements (as set forth in the Manuals or otherwise in writing) with respect to establishing and maintaining telecommunications connections between Franchisee's Computer System and Franchisor's Intranet, if any, and/or such other computer systems as Franchisor may reasonably require.

16. INSURANCE

A. Obligation to Maintain Insurance.

You shall be responsible for all loss or damage arising from or related to your development and operation of the Franchised Business, and for all demands or claims with respect to any loss, liability, personal injury, death, property damage, or expense whatsoever occurring upon the premises of, or in connection with the development or operation of, the Franchised Business. You shall procure at your expense and maintain in full force and effect throughout the term of this Agreement that insurance which you determine is necessary or appropriate for liabilities caused by or occurring in connection with the development or operation of the Franchised Business, including the minimum coverages described in Section 16.B. below and as otherwise set forth in the Manual, as updated from time-to-time. Franchisor may, from time-to-time, designate one or more Designated Suppliers for the required insurance coverages described in Section 16.B., and Franchisee shall comply with the requirements to use such Designated Suppliers, to the extent permitted by applicable law. If you fail to carry the required insurance prior at any time during the Term, you shall not be permitted to operate your Franchised Business, and Franchisor shall maintain the right to place coverage at your expense or prohibit the opening or continued operation of your Franchised Business.

B. Minimum Insurance Coverage.

All insurance policies described below shall be written by an insurance company or companies satisfactory to us, in compliance with the Standards set forth in the Manual or other written directives. Such policy(ies) shall include, at a minimum, the following coverages:

Line of Coverage:	**Limits:**
General Liability Insurance	• $1,000,000 per occurrence • $2,000,000 Annual General Aggregate, Other than Products • $2,000,000 Annual Aggregate, Products and Completed Operations • (a) premises and operations; (b) products and completed operations; (c) personal injury; (d) advertising liability; (e) abuse and molestation; (f) contractual liability; (g) employees as insureds; (h) extended bodily injury coverage; (i) damage to premises rented to you ($100,000); (j) owned, non-owned and hired automobile insurance ($1,000,000 combined single limit); and (k) student sport accident • Medical Expense – each claim – to be excluded
Commercial Property Insurance	Covering business personal property and business income for one year of lost profit and continued business expenses, for full replacement cost of the Franchised Business's contents.
Worker's Compensation	$1,000,000 limit
Hired and Non-Owned Auto Liability	$1,000,000 per occurrence
Student/Participant Accident Policy	$25,000 limit
Employment Practices Liability Insurance	• $1,000,000 per claim • Wage & Hour sublimit no less than $100,000 per occurrence

Line of Coverage:	Limits:
	• Coverage for 1st and 3rd party sexual harassment
Professional Liability (recommended but not required)	$1,000,000 per occurrence
Other coverage as we may require from time to time	

You may only purchase the required Worker's Compensation insurance from our Designated Supplier(s), who may be our Affiliate. With respect to all other required insurance, in lieu of purchasing the insurance through our Designated Supplier as we may designate from time-to-time, you may purchase the insurance from insurance brokers and carriers that you select, subject to those brokers and carriers satisfying our Standards and minimum requirements. You must submit to us the information and documentation that we request in connection with your request for our consent to purchase insurance from any unapproved insurance broker or insurance carrier.

We must be included as additional insured on all of the above policies except Worker's Compensation and Professional Liability. All insurance policies (except worker's compensation) must include a waiver of subrogation in favor of us and our affiliates, and each company's officers, directors, shareholders, partners, members, agents, representatives, independent contractors, servants, and employees, and must include a 30-day notice of cancellation directed to both you and to us or the person we designate.

Franchisor shall have the right to establish and modify the minimum required coverages and to require different or additional kinds of insurance to reflect changes in the System or products and services offered to customers of XP League businesses, inflation, changes in standards of liability, higher damage awards, or other relevant changes in circumstances. All modifications to the insurance requirements will be communicated to you via the Manual. You shall receive written notice of any modifications to the insurance requirements and shall take prompt action to secure the additional coverage or higher policy limits. Nothing in this Agreement prevents or restricts you from acquiring and maintaining insurance with higher policy limits or lower deductibles than Franchisor requires. If you fail to maintain the required insurance, you may not open your Franchised Business or we may force you to close your Franchised Business until the required insurance is put in place.

C. Insurance Policy Requirements.

The following general requirements apply to each insurance policy you are required to maintain under this Agreement:

(1) Each insurance policy must be specifically endorsed to provide that the coverage must be primary, and that any insurance carried by any additional insured will be excess and non-contributory.

(2) Each insurance policy must name Franchisor and its Affiliates, and their respective partners, officers, subsidiaries, shareholders, directors, regional directors, and employees as additional named insureds on a primary non-contributory basis on an Additional Insured Grantor of Franchise Endorsement per form CG2029 (or an endorsement form with comparable wording acceptable to Franchisor) and include a waiver of subrogation in favor of each such additional named insured.

(3) No insurance policy may contain a provision that in any way limits or reduces coverage for you in the event of a claim by Franchisor or its Affiliates.

(4) Each insurance policy must extend to, and provide indemnity for, all of your obligations and liabilities to third parties and all other items for which you are required to indemnify Franchisor under this Agreement.

(5) Except for insurance provided through a Designated Supplier, all insurance policies must be written by a carrier who is licensed in the state in which the Franchised Business operates and with an A.M. Best rating of not less than A-VII (with the exception of general liability and excess insurance carriers, which must have a minimum rating of A XV).

(6) Except as otherwise provided herein, no insurance policy may provide for a deductible amount that exceeds $10,000, unless otherwise approved in writing by Franchisor, and your co-insurance under any insurance policy must be 80% or greater.

(7) Each policy must include an endorsement that it may not be modified or terminated without providing at least 30 days prior written notice to Franchisor.

D. Delivery of Certificate.

You must provide us with a certificate of insurance complying with the stated requirements no less than seven days before the Franchised Business is open to the public. Also, you must provide us with a certificate of insurance on each policy renewal date. Upon request, you also shall provide to Franchisor copies of all or any policies, and policy amendments, endorsements and riders.

E. Minimum Insurance Requirements Not a Representation of Adequacy.

You acknowledge that no requirement for insurance contained in the Agreement constitutes advice or a representation by Franchisor that only such policies, in such amounts, are necessary or adequate to protect you from losses regarding your business under this Agreement. You may choose to obtain additional policies or increase the limits from the minimum requirements in Section 16.B. Maintenance of this insurance, and the performance of your obligations under this Article 16, shall not relieve you of liability under the indemnification provisions of this Agreement.

17. TRANSFER

A. Transfer by Franchisor.

Franchisor shall have the unrestricted right, in its sole discretion and without your consent, to assign this Agreement and/or all of its rights and/or obligations hereunder in a related or third-party transaction, may sell any or all of its assets (including its rights in and to the Proprietary Marks and the System); may issue new shares through an initial public offering and/or private placement; may merge with and/or acquire other companies, or may merge into or be acquired by another company; and may pledge its assets to secure payment of its financial obligations.

B. Franchisee Transfer of Agreement; Transfer of the Franchised Business; Transfer of Controlling Interest.

You understand and acknowledge that Franchisor has entered into this Agreement in reliance on your business skill, financial capacity, personal character, experience, and demonstrated or purported ability in customer service operations. Accordingly, you may not sell or transfer your interest in this Agreement, your controlling interest, or the assets of the Franchised Business (except in the ordinary course of your business) without Franchisor's prior written consent. In addition, if you are a Business Entity, no Owner may transfer or assign all or any portion of his or her equity interest in the Business Entity without Franchisor's prior written consent. For purposes of this Section 17.B the term "transfer" means and includes an actual assignment, sale, or transfer of a controlling interest, or a collateral assignment or pledge of the interest as security for performance of an obligation.

You must notify Franchisor in writing at least 60 days prior to the date of any such intended transfer. Any purported transfer, by operation of law or otherwise, not having the written consent of Franchisor shall be null and void and shall constitute a material breach of this Agreement. Franchisor shall not unreasonably withhold its consent to any transfer, but may, in its sole discretion, require any or all of the following as conditions of its consent:

(1) All of your accrued monetary obligations and all other outstanding obligations to Franchisor and its Affiliates and your suppliers shall be up to date, fully paid, and satisfied;

(2) You must be in full compliance with this Agreement and any other agreements between you and Franchisor, its Affiliates, and your suppliers;

(3) You and each Owner shall have executed a then-current form of general release and a covenant not to sue, in a form satisfactory to Franchisor, of any and all claims against Franchisor and its Affiliates and their respective officers, directors, shareholders, agents, and employees in their corporate and individual capacities, including, without limitation, claims arising under federal, state, and local laws, rules, and ordinances; provided, however, that any release will not be inconsistent with any state statute regulating franchising;

(4) The transferee shall demonstrate to Franchisor's satisfaction that the transferee meets Franchisor's then-current Standards applicable to new XP League franchisees, including but not limited to educational, managerial and business standards; possesses a good moral character, business reputation and credit rating; has the aptitude and ability to operate the Franchised Business; and has sufficient equity capital to operate the Franchised Business (which condition shall be presumed if the transferee's net worth is equal to or exceeds your net worth at the time of transfer, excluding the value of the Franchised Business);

(5) The transferee shall sign Franchisor's then-current form of franchise agreement, for a term equal to the remaining term of this Agreement, and you shall pay to Franchisor the Transfer Fee in the amount set forth in Attachment A. If the transferee is a Business Entity, then the transferee's Owners shall jointly and severally guarantee your obligations under this Agreement in writing in a form satisfactory to Franchisor. The transferee shall have the option, however, to purchase a longer term (not to exceed a total of five years) by paying an extended term fee ("Extended Term Fee"). The Extended Term Fee will be calculated as Franchisor's then-current initial franchise fee divided by the number of days included in the initial term of the then-current franchise agreement, multiplied by the number of days of additional term being purchased by the transferee;

(6) If deemed necessary by Franchisor, the transferee shall agree to update, remodel, refurbish, renovate, modify, or redesign the Franchised Business' premises, at transferee's sole expense, to conform to Franchisor's then-current Standards and specifications for XP League businesses;

(7) You agree to remain liable for all direct and indirect obligations to Franchisor in connection with the Franchised Business prior to the effective date of the transfer, and you and your Owners shall continue to remain responsible for your respective obligations of nondisclosure, noncompetition, and indemnification as provided elsewhere in this Agreement, and all other obligations that survive termination, expiration, or transfer and shall execute any and all instruments reasonably requested by Franchisor to further evidence such obligation;

(8) The transferee shall comply with Franchisor's initial training requirements and pay any applicable training fee;

(9) You or the transferor must provide Franchisor with a copy of the agreements of purchase and sale between the transferor and the transferee. The economic terms of the transfer may not materially and adversely affect, in Franchisor's sole judgment, the post-transfer viability of the Franchised Business; and

(10) If you elect to participate in Franchisor's resale program in connection with the transfer of the Franchised Business pursuant to this Section 17.B., you must comply with Franchisor's then-current resale program requirements, which may include the execution of Franchisor's then-current resale program agreement and payment of the then-current resale program fee.

C. Franchisee Transfer Among Owners; Transfer of Non-Controlling Interest.

If you are a Business Entity, your Owners may transfer their ownership interests in the Business Entity among each other, and may transfer up to a Non-Controlling Interest in the Business Entity to one or more approved third parties, if:

(1) you have provided to Franchisor advance notice of the transfer and have obtained Franchisor's approval of any new owners,

(2) Attachment C has been amended to reflect the new ownership, and each individual listed in Section B of Attachment C has signed the Confidentiality and Non-Competition Agreement in the form of Attachment E;

(3) each new Owner has signed an Undertaking and Guaranty in the form of Attachment D;

(4) each previous and/or new owners have signed a general release in favor of Franchisor and in the form Franchisor requires; and

(5) you pay to Franchisor a Transfer Fee in the amount set forth in Attachment A.

Transfers under this Section 17.C. are limited to once per rolling 12-month period. Otherwise, any transfers under this subsection shall be subject to a Transfer Fee of 25% of the then-current initial franchise fee. For purposes of this Section 17.C. only, "Non-Controlling Interest" shall mean 20% or less of the total outstanding units in the Franchised Business.

D. Franchisee Transfer to Business Entity for Convenience.

You may transfer your interest in this Agreement to a Business Entity for convenience of operation by signing Franchisor's standard form of assignment and assumption agreement if:

(1) the Business Entity is formed solely for purposes of operating the Franchised Business;

(2) you provide to Franchisor a copy of the Business Entity's formation and governing documents (company/operating agreement, by laws, etc.), and a certificate of good standing from the jurisdiction under which the Business Entity was formed;

(3) you sign a general release in favor of Franchisor and in the form that Franchisor requires; and

(4) you pay to Franchisor a Transfer Fee in the amount set forth in Attachment A.

E. Security Interest.

Any security interest that may be created in this Agreement by virtue of Section 9-408 of the Uniform Commercial Code is limited as described in Section 9-408(d) of the Uniform Commercial Code. Any such security interest may only attach to an interest in the proceeds of the operation of the Franchised Business and may not entitle or permit the secured party to take possession of or operate the Franchised Business or to transfer your interest in the franchise without Franchisor's consent.

F. Public and Private Offerings.

If you are a Business Entity and you intend to issue equity interests pursuant to a public or private offering, you shall first obtain Franchisor's written consent, which consent shall not be unreasonably withheld. You must provide to Franchisor for its review a copy of all offering materials (whether or not such materials are required by applicable securities laws) at least 60 days prior to such documents being filed with any government agency or distributed to investors. No offering shall imply (by use of the Proprietary Marks or otherwise) that Franchisor is participating in an underwriting, issuance, or offering of your securities, and Franchisor's review of any offering shall be limited to ensuring compliance with the terms of this Agreement. Franchisor may condition its approval on satisfaction of any or all conditions set

forth in Section 17.B and on execution of an indemnity agreement, in a form prescribed by Franchisor, by you and any other participants in the offering. For each proposed offering, you shall pay to Franchisor a retainer in an amount determined by Franchisor, which Franchisor shall use to reimburse itself for the reasonable costs and expenses it incurs (including, without limitation, attorneys' fees and accountants' fees) in connection with reviewing the proposed offering.

G. Right of First Refusal.

If you receive a bona fide offer to purchase your interest in this Agreement or all or substantially all of the assets of the Franchised Business, or if any Owner receives a bona fide offer to purchase his or her equity interests in you, and you or such Owner wishes to accept such offer, you or the Owner must deliver to Franchisor written notification of the offer and, except as otherwise provided herein, Franchisor shall have the right and option, exercisable within 30 days after receipt of such written notification, to purchase the seller's interest on the same terms and conditions offered by the third party. If the bona fide offer provides for the exchange of assets other than cash or cash equivalents, the bona fide offer shall include the fair market value of the assets (as defined herein) and you shall submit with the notice an appraisal prepared by a qualified independent third party evidencing the fair market value of such assets as of the date of the offer. Any material change in the terms of any offer prior to closing shall constitute a new offer subject to the same right of first refusal by Franchisor as in the case of an initial offer. If Franchisor elects to purchase the seller's interest, closing on such purchase must occur by the later of: (1) the closing date specified in the third-party offer; or (2) within 60 days from the date of notice to the seller of Franchisor's election to purchase. Franchisor failure to exercise the option described in this Section 17.E shall not constitute a waiver of any of the transfer conditions set forth in this Article 17.

H. Transfer Upon Death or Incapacitation.

If any Owner dies or becomes incapacitated (mental or physical), Franchisor shall consent to the transfer of the former Owner's interest in this Agreement or equity interest in the franchisee (as applicable) to his or her spouse or heirs, whether such transfer is made by will or by operation of law, if, in Franchisor's sole discretion and judgment, the transferee meets Franchisor's educational, managerial and business standards; possesses a good moral character, business reputation and credit rating; has the aptitude and ability to conduct the Franchised Business herein; has at least the same managerial and financial criteria required by new franchisees; and has sufficient equity capital to operate the Franchised Business. If said transfer is not approved by Franchisor, the executor, administrator, or personal representative of such person shall transfer the former Owner's interest to a third-party approved by Franchisor within six months after such death, mental incapacity, or disability. Such transfer shall be subject to Franchisor's right of first refusal and to the same conditions as any *inter vivos* transfer.

I. Non-Waiver of Claims.

Franchisor's consent to a Transfer shall not constitute a waiver of any claims it may have against the transferring party, and it will not be deemed a waiver of Franchisor's right to demand strict compliance with any of the terms of this Agreement, or any other agreement to which Franchisor and the transferee are parties, by the transferee.

J. No Transfers in Violation of Law.

Notwithstanding anything to the contrary in this Agreement, no transfer shall be made if the transferee, any of its affiliates, or the funding sources for either is a person or entity designated with whom Franchisor, or any of its affiliates, are prohibited by law from transacting business.

18. DEFAULT AND TERMINATION

A. Automatic Termination.

This Agreement will terminate automatically, without notice and without an opportunity to cure, if you become insolvent or make a general assignment for the benefit of creditors; if a petition in bankruptcy is filed by you or such a petition is filed against you and you do not oppose it; if you are adjudicated bankrupt or insolvent; if a bill in equity or other proceeding for the appointment of a receiver or other custodian (permanent or temporary) for you or your business assets, or any part thereof, is filed against you; if any court of competent jurisdiction appoints a receiver or other custodian (permanent or temporary) for you or your business assets, or any part thereof; if proceedings for a composition with creditors under any state or federal law is instituted by or against you; if a final judgment is entered against you and remains unsatisfied or of record for 30 days or longer, unless a *supersedeas* bond is filed; if you are dissolved, voluntarily or involuntarily; if execution is levied against any assets of you or the Franchised Business; if any proceedings to foreclose any lien or mortgage against you, the Franchised Business, or the assets, equipment, or premises of any of the same, is instituted and not dismissed within 30 days; or if the real or personal property of you, the Franchised Business is sold after levy thereupon by any sheriff, marshal, constable, or other authorized law enforcement personnel.

B. Termination without Opportunity to Cure.

Franchisor may terminate this Agreement, by delivering to you written notice of termination, upon the occurrence of any of the following events of default:

(1) You fail to transition your Franchised Business to an Approved Location within the required period, if applicable;

(2) Your abandonment of the Franchised Business (for purposes of this provision "abandonment" will be deemed to occur if you fail to operate the Franchised Business on three or more consecutive days or if you otherwise convey an intention to close the Franchised Business), or lose the right to possess the premises for the Approved Location;

(3) Your lease for the Approved Location expires or terminates for any reason or you otherwise lose the right to occupy the premises of the Approved Location;

(4) The making of any false or materially misleading representations in your franchise application or during the franchise application process;

(5) You or any of your Owners or Affiliates is or has been indicted or held liable for or convicted by a court of law, pleads or has pleaded no contest to, a felony, indictable offense or other unlawful act, engages in any dishonest or unethical conduct or otherwise engages in any conduct which Franchisor believes will materially and adversely affect the reputation of the brand, the XP League franchise system, any other XP League business, or the goodwill associated with the Proprietary Marks;

(6) Violation of any applicable law or revocation or suspension of any necessary license or certification, in whole or in part;

(7) Violation of any confidentiality or non-compete obligations, as described in Article 14, by you or any Owner;

(8) You knowingly maintain false books or records or submit any false reports or statements to Franchisor;

(9) The Franchised Business fails two consecutive quality assurance inspections during any rolling 12-month period or fails three quality assurance inspections during any rolling 24-month period;

(10) Termination for cause of any other franchise agreement or development agreement between Franchisor and you or your Affiliate;

(11) Delivery of three or more notices of default during any rolling 24-month period, whether or not the event(s) of default described in such notices ultimately are cured;

(12) Transfer or attempted transfer in violation of Article 17 of this Agreement;

(13) If an imminent threat or danger to public health or safety results from the operation of the Franchised Business;

(14) Failure to follow Franchisor's instructions or protocol upon a Crisis Management Event;

(15) Utilizing unapproved non-cash payment systems in the Franchised Business;

(16) Accepting or processing non-U.S. currency for products and services offered by the Franchised Business, including but not limited to cryptocurrency; or

(17) If Franchisee breaches any material provision of this Agreement which breach is not susceptible to cure.

C. Termination with Opportunity to Cure.

Franchisor may terminate this Agreement, by delivery of written notice of default, upon the occurrence of any of the following events of default and your failure to take appropriate corrective action during the applicable cure period:

(1) You fail to identify and sign a lease for an Approved Location for the Franchised Business, if required, in accordance with Section 3.A and you fail to cure within seven (7) days after delivery of written notice of default;

(2) You passed on an Acceptable Opportunity and fail to sign a lease for your Approved Location by the Lease Deadline in accordance with Section 3.C., and you fail to cure within seven (7) days after delivery of written notice of default;

(3) You do not obtain or maintain all insurance coverage required under Section 16.B, and you fail to cure within five (5) days after delivery of written notice of default;

(4) The Designated Manager or Owners of the Franchised Business do not successfully complete initial training, in our sole judgment, and you fail to cure within ten (10) days after delivery of written notice of default;

(5) You fail to commence operation of your Franchised Business by the Opening Date in accordance with Section 5.A. and fail to cure within ten days after delivery of written notice of default;

(6) You or your Affiliate fails to pay any monies owed to Franchisor, its Affiliates or your trade creditors when due and fail to cure within ten days after delivery of written notice of default;

(7) You, directly or indirectly, revoke your participation in Franchisor's then-current electronic funds transfer program, in violation of Section 6.G.;

(8) You misuse the Proprietary Marks or the Intellectual Property, including without limitation by offering and selling unauthorized products or services under or in conjunction with the Proprietary Marks or Intellectual Property, and fail to correct the misuse within five days after delivery of written notice of default;

(9) You infringe on the rights of third-parties, including unauthorized use of third-party trademarks, service marks, patents, copyrights, and all other intellectual property, and fail to cure immediately after Franchisor's written or verbal notice, depending on the severity of such infringement;

(10) The Franchised Business is cited for violation of health, sanitation, or safety laws or regulations, and fails to cure the violation within five days after the date the citation is issued;

(11) You purchase or use items for which Franchisor has identified Designated Suppliers from an unapproved source;

(12) You purchase, use, or sell items not approved by the Franchisor;

(13) You are not in compliance with federal, state, or local laws, including but not limited to employment, environmental, occupancy, or other laws affected the day-to-day operations of your Franchised Business;

(14) You refuse to permit Franchisor to inspect the Franchised Business premises, or the books, records, or accounts of Franchisee upon demand;

(15) You fail to operate the Franchised Business during such days and hours specified in the Manuals; or

(16) You fail to comply with any provision of this Agreement (except as otherwise provided in Section 18.A and Section 18.B and this Section 18.C) and fail to take appropriate corrective action within 30 days after delivery of written notice of default.

D. Other Remedies.

During any period of default, Franchisor reserves the right to 1) prohibit you from attending any meetings, seminars, conferences, or other events sponsored by Franchisor, 2) prohibit you from serving on the board of any Franchisor organization, or otherwise participate in leadership of such organizations, 3) suspend your access to the Call Center, the franchisee portal/dashboard, and any technology systems we provide to you; 4) suspend services provided to you by us or our Affiliates under this Agreement, including but not limited to inspections, training, marketing assistance, and the sale of products and supplies; 5) remove the listing of the Franchised Business from all advertising published or approved by Franchisor; 6) cease listing the Franchised Business on Websites and social media, and to discontinue any links to any site or page for the Franchised Business; and 7) contact Franchisee's landlords, lenders, suppliers, customers, and others with whom it has entered into agreements about the status of Franchisee's operations and provide copies of any default or other notices to Franchisee's landlords, lenders, suppliers, and others with whom it has entered into agreements.

In addition to its termination rights, Franchisor shall have the right to require the Franchised Business, or a portion thereof, close during any period in which (1) it is in violation of applicable health, sanitation, or safety laws or regulations, (2) Franchisor determines, in its sole discretion, that continued operation of the Franchised Business poses a risk to public health or safety; or (3) you fail to maintain the required insurance policies to operate your Franchised Business.

E. Step-In Rights.

To prevent any interruption of business of the Franchised Business and any injury to the goodwill and reputation thereof which may be caused thereby, you hereby authorize Franchisor, and Franchisor shall have the right, but not the obligation, to operate the Franchised Business for as long as Franchisor deems necessary and practical, and without waiver of any other rights or remedies Franchisor, may have under this Agreement, if you are in default of your obligations under this Agreement. Franchisor will not be liable to you for any debts, losses or obligations that the Franchised Business incurs, or to any creditors for any supplies or other products or services purchased for the Franchised Business, in connection with such management. Franchisor or its designee may assume the Franchised Business' management under the following circumstances: (a) if you abandon or fail to actively operate the Franchised Business for any period; or (b) we provide you with a notice, in the form specified in Article 18, of your violation of this Agreement, within the applicable cure period (if any). Our exercise of our rights under this Section will not affect our right to terminate this Agreement. **YOU SHALL INDEMNIFY AND HOLD FRANCHISOR HARMLESS FROM ANY AND ALL CLAIMS ARISING FROM THE ALLEGED ACTS AND**

OMISSIONS OF FRANCHISOR AND ITS REPRESENTATIVES IN ACCORDANCE WITH THE INDEMNIFICATION PROCEDURES SET FORTH IN SECTION 20.B.

F. Liquidated Damages.

Franchisee acknowledges and confirms that Franchisor will suffer substantial damages as a result of the termination of this Agreement before the Initial Term expires. Some of those damages include lost Royalty Fees, NAF Contributions, and other fees, lost market penetration and goodwill, loss of XP League representation in the Franchisee's Protected Area, confusion of individual customers, lost opportunity costs, and expenses that Franchisor will incur in developing or finding another franchisee to develop another XP League franchise in the Protected Area (collectively, "Brand Damages"). Franchisor and Franchisee acknowledge that Brand Damages are difficult to estimate accurately and proof of Brand Damages would be burdensome and costly, although such damages are real and meaningful to Franchisor.

Therefore, upon termination of this Agreement before the Initial Term expires for any reason (subject to Article 18), Franchisee agrees to pay Franchisor, within fifteen (15) days after the date of such termination, the entire liquidated damages amount, which is the product of (i) eight percent (8%) times the monthly revenue or the Minimum Royalty Fee, whichever is greater by month, for the previous twelve (12) full calendar months, multiplied by (ii) the years remaining in the Initial Term. If at the time the Agreement is terminated, Franchisee has been operating the Franchised Business for less than 12 months, the amount of liquidated damages will be based upon the system-wide Royalty Fee average for the month in which termination is effective multiplied by 36.

Franchisee agrees that the liquidated damages calculated under this Section 18.F. represent the best estimate of Franchisor's Brand Damages arising from any termination of this Agreement before the Initial Term expires. Franchisee's payment of the liquidated damages to Franchisor will not be considered a penalty but, rather, a reasonable estimate of fair compensation to Franchisor for the Brand Damages Franchisor will incur because this Agreement did not continue for the Initial Term's full length.

Franchisee acknowledges that Franchisee's payment of liquidated damages is full compensation to Franchisor only for the Brand Damages resulting from the early termination of this Agreement and is in addition to, and not in lieu of, Franchisee's obligations to pay other amounts due to Franchisor under this Agreement as of the date of termination and to comply strictly with the de-identification procedures of Article 19 and Franchisee's other post-termination obligations.

If any valid law or regulation governing this Agreement limits Franchisee's obligation to pay, and/or Franchisor's right to receive, the liquidated damages for which Franchisee is obligated under this Section 18.F, then Franchisee shall be liable to Franchisor for any and all Brand Damages Franchisor incurs, now or in the future, as a result of Franchisee's breach of this Agreement.

G. Right of Set Off.

If an event of default occurs hereunder or under any other agreement between Franchisor and you or your affiliates, subsidiaries, or Owners, then Franchisor is hereby authorized at any time and from time to time without notice and to the fullest extent permitted by law, to set off and apply any and all sums at any time held or received by Franchisor, including, but not limited to, disbursements of Membership Program revenues, against any of and all obligations of Franchisee now or hereafter existing under this Agreement or any other agreement between Franchisor and you or your affiliates, subsidiaries, or Owners, irrespective of whether or not Franchisor shall have made any demand under this Agreement or such other agreements.

H. Cross-Default.

Any default under any agreement between you (or any Owner) and Franchisor or its Affiliates (including but not limited to any development agreement, or any other franchise agreement, including with Affiliates), and failure to cure within any applicable cure period, shall be considered a default under this

Agreement and shall provide an independent basis for immediate termination of this Agreement, without an opportunity to cure, with or without notice, upon Franchisor's sole discretion.

19. OBLIGATIONS UPON EXPIRATION OR TERMINATION

A. Expiration or Termination of Franchise.

Upon termination or expiration of this Agreement, you shall immediately:

(1) Cease to operate the Franchised Business because you have no further right to use the Proprietary Marks, Intellectual Property or other intellectual property owned and licensed to you by Franchisor. You may no longer hold yourself out as a XP League franchisee, and you shall refrain from representing any present or former affiliation with Franchisor or the network of XP League businesses.

(2) Pay all sums due and owing to Franchisor and its Affiliates;

(3) Take all actions necessary to cancel any assumed or fictitious name containing the Proprietary Marks and shall do all things necessary to transfer to Franchisor or its designee the Franchised Business' telephone number(s). You hereby grant to Franchisor and its representatives, power of attorney for the specific purpose of executing all documents and doing all things necessary to effect such cancellations and transfers;

(4) Surrender to Franchisor all copies of all materials in your possession including the Manual, all Confidential Information and all other documentation relating to the operation of the Franchised Business in your possession, and all copies thereof, and shall retain no copy or record of any of the foregoing, excepting only your copy of this Agreement, any correspondence between the parties and any other documents which you reasonably need for compliance with any provision of law;

(5) At the option of Franchisor, assign to Franchisor any interest which Franchisee has in any lease, sublease or other agreement for the Franchised Business premises and surrender the Franchised Business premises to the Franchisor pursuant to Section 19.B. below. In the event Franchisor does not elect to exercise its option to acquire Franchisee's interest in the lease, sublease or other agreement for the premises, Franchisee shall make such modifications or alterations to the premises immediately upon termination or expiration of this Agreement as may be necessary to distinguish the appearance of the premises from that of an XP League Division under the System, and shall make such specific additional changes thereto as Franchisor may reasonably request for that purpose. In the event Franchisee fails or refuses to comply with the requirements of this Section 19.A.(5), Franchisor shall have the right to enter upon the premises, without being guilty of trespass or any other tort, for the purpose of making or causing to be made such changes as may be required, at the expense of Franchisee, which expense Franchisee agrees to pay upon demand; and

(6) Comply with all post-termination covenants in Article 14.

If, following expiration or termination of this Agreement, the premises for your Franchised Business will not continue to operate as a XP League business, either by us or our designee, then in addition to any procedures required by applicable laws and any instructions that we may provide, upon our request, you will cooperate with us in notifying all members of your Franchised Business immediately that your Franchised Business will cease to operate under the Proprietary Marks. We may offer to such members the option to terminate their membership and receive a pro rata refund of all membership fees and other charges which were prepaid by such members related to any period after the effective date of termination or expiration of this Agreement. You are solely responsible for paying such refunds to your members, and we will deduct all such refunds from the amounts to be disbursed to you for the Membership Program revenues of your Franchised Business. You shall further cooperate with us to preserve member goodwill.

If Franchisor does not elect to exercise the option to acquire Franchisee's interest in the lease/sublease/agreement of the Approved Location, Franchisee shall comply with the remainder of this

Section 19.A. You agree that, upon termination or expiration of this Agreement, for any reason, you will immediately comply with our then-current de-branding checklist, as further supplemented in the Manual, which shall require you to, among other things:

(1) Remove and destroy all interior and exterior signage, point-of-sale materials, business forms and stationary, and any other materials containing the Proprietary marks and brand colors;

(2) Delete from all computer hard drives all materials, information, communications, manuals, and marketing and promotion materials received from us;

(3) Remove all decals containing the XP League name, the Proprietary Marks, any slogans, or identifiable color scheme;

(4) Repaint or remove all identifiable color schemes from all equipment, padding, walls, doors, floors, and other surfaces;

(5) Promptly instruct all third-party internet sites and telephone directories to remove all listings identifying the location as a XP League business;

(6) Return all uniforms, sales materials, operations manuals, and other items that contain any Confidential Information;

(7) Change your corporate and legal business name, if necessary, so that it does not contain any of the Proprietary Marks; and

(8) Return to us all signs, sign-faces, sign-cabinets, marketing materials, forms, packaging, and other materials that contain any of the Proprietary Marks.

B. Franchisor's Option to Assume Lease and Purchase Assets Following Expiration or Termination.

(1) Upon termination or expiration of this Agreement, Franchisor shall have the option, but not the obligation, to assume your lease for the Franchised Business premises by delivering to you written notice of its election within 30 days after termination or expiration of this Agreement in accordance with the terms of the Lease Rider. If Franchisor elects not to assume your lease for the Franchised Business premises, Franchisor shall have the option to purchase (in accordance with the terms and conditions set forth below), or may require you to destroy, any graphics, signage, or other materials bearing the Proprietary Marks. You shall immediately remove from the Franchised Business premises all items bearing the Proprietary Marks and Intellectual Property and modify the trade dress as necessary to distinguish the premises from those of a XP League business in accordance with the de-branding requirements set forth in the Manual. If you fail or refuse to comply with the requirements of this Section 19.B, Franchisor and its representatives shall have the right to enter on the Franchised Business premises, without liability for trespass or other civil tort, for purposes of making such changes, at your expense, which you shall pay upon demand.

(2) Upon (a) expiration of this Agreement without extension or renewal or (b) termination of this Agreement by us in accordance with its terms or by you in any manner other than in accordance with its terms, then we have the right, exercisable by giving notice thereof ("**Appraisal Notice**") to require that a determination be made of the Agreed Value (as defined below) of all of your personal property, improvements, fixtures, furniture and equipment used and located at the Franchised Business, but excluding any items not meeting our specifications or standards as provided in this Agreement (the "**Appraised Assets**"). In the event of a termination, such Appraisal Notice shall be given no later than 30 days after the date of such termination; in the event of expiration, such Appraisal Notice shall be given no more than six months and no less than three months prior to the expiration of this Agreement.

(3) Upon such Appraisal Notice, you may not sell or remove any of the Appraised Assets from the Franchised Business. The "**Agreed Value**" shall be determined by good faith consultation between you

and us. You agree to give us, our designated agents and, if applicable, the Appraiser (as defined in subsection (4) below) full access to your Franchised Business's books and records relating to the Appraised Assets (including copies of all leases, concession licenses or other arrangements relating to your occupancy of the premises), at any time upon three days' prior written notice during customary business hours in order to inspect the Appraised Assets and determine the purchase price for the Appraised Assets.

(4) If you and we are unable to agree on the Agreed Value of the Appraised Assets within 15 days after the Appraisal Notice, then the Agreed Value will be the Fair Market Value (as defined below), unless the option to purchase occurs as a result of a termination in connection with one or more defaults by Franchisee, in which case the Agreed Value will be the lesser of the Appraised Asset Value (as defined below) or the Net Book Value (as defined below). "**Fair Market Value**" will be the amount which an arm's length purchaser would be willing to pay for the Appraised Asset as a going concern operating under our then-current form of franchise agreement with a terminal value based on the remaining term of the lease (not in excess of 5 years) and, for the avoidance of doubt, Fair Market Value may not include goodwill associated with the Proprietary Marks. The "**Appraised Asset Value**" will be the amount which an arm's length purchaser would be willing to pay for the Appraised Assets, considering their age and condition. The "**Net Book Value**" shall be the net book value of the Purchased Assets (including the unamortized portion of any capitalized so-called "key money" for leases), as reflected on Franchisee's books and records, determined in accordance with generally accepted accounting principles. The Fair Market Value, Appraised Asset Value and Net Book Value, as applicable, will be determined by a member of a nationally recognized accounting firm (other than a firm which conducts audits of either Party's financial statements) agreed to by the Parties who has experience in the valuation of retail businesses ("**Appraiser**"). If the Parties cannot agree to an Appraiser, then each Party will select an Appraiser in accordance with the foregoing standards and the appraisal will be conducted by an Appraiser selected by the two party-appointed Appraisers that meets the foregoing standards.

The Appraiser will make his or her determination and submit a written report ("**Appraisal Report**") to Franchisee and Franchisor as soon as practicable, which report shall contain the Fair Market Value, Appraised Asset Value and Net Book Value, as applicable. The Appraiser shall endeavor to complete the Appraisal Report within 60 days after his or her appointment, and both Parties shall fully cooperate with the Appraiser in order to meet the deadline. The Appraiser may extend the Appraisal Report deadline, as may be reasonably necessary. Franchisee agrees to promptly provide the Appraiser with such books and records as he or she may require, which Franchisee represents and warrants to be complete and accurate. In absence of such books and records or if the Appraiser is not satisfied with their completeness or accuracy, the Appraiser may make his or her determination in the Appraisal Report on the basis of other sources and information he or she deems reasonably appropriate. The Appraiser's determination shall be final and binding on the Parties hereto, and the Parties agree to share the cost of the appraisal equally.

Franchisor has the option, exercisable by delivering notice thereof within ten days after submission of the Appraisal Report (or the date that an agreement is reached, if the Parties agree to the Agreed Value), to agree to purchase the Appraised Assets of the Franchised Business at its Agreed Value ("**Purchased Assets**").

If Franchisor exercises its option to purchase, the purchase price for the Purchased Assets will be paid in full by wire transfer at the closing, which will occur at the place, time and date mutually agreed by the Parties, and if the Parties cannot agree, then as reasonably determined by Franchisor (subject to compliance with applicable law and any reasonable extensions required by Franchisor). At the closing, Franchisor will be entitled to all customary representations and warranties, covenants and closing documents and post-closing indemnifications, including: (i) instruments transferring good and merchantable title to the Purchased Assets, free and clear of all security interests, liens, encumbrances, and liabilities, to Franchisor or its designee, with all sales and other transfer taxes paid by Franchisee; and, (ii) an assignment of all leases (subject to landlord rights) and concession licenses of personal property and real

estate used in the operation of the Franchised Business, including building and/or equipment (or if an assignment is prohibited, a sublease or sublicense to Franchisor or its designee for the full remaining term, subject to landlord rights, and on the same terms and conditions as Franchisee's lease or concession license, including renewal and/or purchase options).

Franchisor shall have the right to offset against the purchase price for the Purchased Assets any of the following: (1) any and all amounts owed by Franchisee or any of its Affiliates to Franchisor or any of its Affiliates; (2) lease transfer fees (if any), other costs owed to your landlord, and the costs of renovating the Franchised Business premises so that it meets Franchisor's then-current standards and specifications (if Franchisor elects to assume the lease for the Franchised Business premises); and (3) the costs of de-identifying the Franchised Business premises in accordance with Section 19.B, if you fail to do so (if Franchisor does not elect to assume the lease for the Franchised Business premises premises).

If Franchisee cannot deliver clear title to all of the assets, or if there are other unresolved issues, the closing of the sale may at Franchisor's option, be accomplished through an escrow on reasonably appropriate terms, including the making of payments, to be deducted from the purchase price, directly to third parties in order to obtain clear title to the Purchased Assets. Franchisee and Franchisor shall comply with any applicable bulk sales or similar laws and all applicable tax notification and/or escrow procedures.

Franchisee shall exert reasonable commercial efforts to obtain all necessary consents to consummate the sale (including consents to assignments of leases and concession licenses) and to ensure all managers shall be available, to the extent requested by Franchisor, for continued employment with the company purchasing the Purchased Assets. Franchisor shall have the right to receive specific performance or injunctive relief to enforce the provisions set forth in this Section 19.

Upon delivery of the Appraisal Notice and pending determination of Agreed Value and the closing of the purchase, Franchisor shall authorize continued temporary operations of the Franchised Business pursuant to the terms of this Agreement, subject to the supervision and control of one or more of Franchisor's appointed managers.

FRANCHISEE WILL DEFEND, INDEMNIFY AND HOLD HARMLESS FRANCHISOR FROM AND AGAINST ALL OBLIGATIONS, LIABILITIES, CLAIMS AND CAUSES OF ACTION ACCRUING PRIOR TO CLOSING AND THAT IN ANY WAY RELATE TO OR ARISE OUT OF THE OPERATION OF THE FRANCHISED BUSINESS IN ACCORDANCE WITH THE INDEMNIFICATION PROCEDURES SET FORTH IN SECTION 20.B.

C. Franchisor's Option to Purchase Upon a Triggering Event.

Without limiting any right or remedy of Franchisor set forth in Sections 18 and 19, upon the occurrence of (i) notice from Franchisor that it intends to purchase all or substantially all of the XP League businesses in the franchise system, or (ii) the date of an initial public offering (each, a "Triggering Event"), Franchisee, on behalf of itself and its Affiliates and Owners, hereby grants to Franchisor or Franchisor's designee the right to purchase the Assets from Franchisee, its Owners and its Affiliates for Fair Market Value, free and clear of all liens, restrictions and encumbrances, determined as set forth in Section 19.B, and with all rights of offset described therein.

D. Compliance with Post Term Obligations.

You and each Owner shall comply with all covenants and obligations which, by their nature, survive termination of this Agreement including, without limitation, the confidentiality obligations and restrictive covenants set forth and described in Article 14 of this Agreement and the indemnification obligations set forth and described in Section 20.B of this Agreement.

20. INDEPENDENT CONTRACTOR AND INDEMNIFICATION

A. Independent Contractor.

The parties acknowledge and agree that this Agreement does not create a fiduciary relationship between them, that you will operate the Franchised Business as an independent contractor, we and you do not intend to be partners, associates, or joint employers in any way, we shall not be construed to be jointly liable for any of your acts or omissions under any circumstances, and that nothing in this Agreement shall be construed to create a partnership, joint venture, agency, employment, fiduciary relationship, master-servant relationship, or legal relationship of any kind. Franchisor shall have no relationship with your employees and you have no relationship with Franchisor's employees.

None of your employees will be considered employees of Franchisor or its Affiliates. Neither you nor any of your employees whose compensation you pay may in any way, directly or indirectly, expressly or by implication, be construed to be an employee of Franchisor or its Affiliates for any purpose, including with respect to any mandated or other insurance coverage, tax or contributions, or requirements pertaining to withholdings, levied or fixed by any city, state, or federal governmental agency. Neither Franchisor nor its Affiliates will have the power to hire or fire your employees. You expressly agree, and will never contend otherwise, that Franchisor's authority under this Agreement to certify certain of your employees for qualification to perform certain functions for your Franchised Business does not directly or indirectly vest in Franchisor or its Affiliates the power to hire, fire, or control any such employee. You further acknowledge and agree, and will never contend otherwise, that you alone will exercise day-to-day control over all operations, activities, and elements of your Franchised Business and that under no circumstance shall Franchisor or its Affiliates do so or be deemed to do so. You further acknowledge and agree, and will never contend otherwise, that the various requirements, restrictions, prohibitions, specifications, and procedures of System which you are required to comply with under this Agreement, whether set forth in the Manual or otherwise, do not directly or indirectly constitute, suggest, infer, or imply that Franchisor or its Affiliates controls any aspect or element of the day-to-day operations of your Franchised Business, which you alone control, but constitute only standards to which you must adhere when exercising your control of the day-to-day operations of your Franchised Business.

Except as otherwise expressly authorized by this Agreement, neither party hereto will make any express or implied agreements, warranties, guarantees, or representations or incur any debt in the name of or on behalf of the other party, or represent that the relationship between Franchisor and you are other than that of franchisor and franchisee. Franchisor does not assume any liability, and will not be deemed liable, for any agreements, representations, or warranties made by you which are not expressly authorized under this Agreement, nor will Franchisor be obligated for any damages to any person or property which directly or indirectly arise from or relate to the operation of the Franchised Business.

During the term of this Agreement, you shall identify yourself as the owner of the Franchised Business operating under a franchise granted by Franchisor, and shall apply for all permits, certificates of occupancy, and business licenses in your own name. Additionally, your individual name (if you are an individual) or your corporate name (if you are a Business Entity) must appear prominently on all invoices, order forms, receipts, business stationery, and contracts. You shall not use the Proprietary Marks to incur or secure any obligation or indebtedness on behalf of Franchisor. You shall display at the Franchised Business, in a conspicuous location, a form of notice approved by Franchisor, stating that you are an independent franchised operator of the business.

B. INDEMNIFICATION.

YOU SHALL DEFEND AT YOUR OWN COST AND INDEMNIFY AND HOLD HARMLESS TO THE FULLEST EXTENT PERMITTED BY LAW, FRANCHISOR AND ITS AFFILIATES, AND THEIR RESPECTIVE SUBSIDIARIES, DIRECTORS, OFFICERS, EMPLOYEES, AGENTS, SHAREHOLDERS, DESIGNEES, AND REPRESENTATIVES

(COLLECTIVELY, THE "FRANCHISOR INDEMNITEES") FROM ALL LOSSES AND EXPENSES INCURRED IN CONNECTION WITH ANY ACTION, SUIT, PROCEEDING, CLAIM, CAUSE OF ACTION, DEMAND, INVESTIGATION, OR FORMAL OR INFORMAL INQUIRY (REGARDLESS OF WHETHER ANY OF THE FOREGOING IS REDUCED TO JUDGMENT), OR ANY SETTLEMENT OF THE FOREGOING, WHICH ACTUALLY OR ALLEGEDLY, DIRECTLY OR INDIRECTLY, ARISES OUT OF, IS BASED UPON, IS A RESULT OF, OR IS IN ANY WAY RELATED TO ANY OF THE FOLLOWING: (1) ANY ACTUAL OR ALLEGED INFRINGEMENT OR ANY OTHER ACTUAL OR ALLEGED VIOLATION OF ANY PATENT, TRADEMARK, COPYRIGHT, OR OTHER PROPRIETARY RIGHT OWNED OR CONTROLLED BY THIRD PARTIES BY YOU OR THE FRANCHISED BUSINESS OR ANY OF YOUR OR ITS RESPECTIVE OWNERS, OFFICERS, DIRECTORS, MANAGEMENT PERSONNEL, EMPLOYEES, AGENTS, SERVANTS, CONTRACTORS, SUBCONTRACTORS, PARTNERS, PROPRIETORS, AFFILIATES OR REPRESENTATIVES, OR ANY THIRD PARTY ACTING ON BEHALF OF OR AT THE DIRECTION OF SUCH PERSONS OR ENTITIES, WHETHER IN CONNECTION WITH THE FRANCHISED BUSINESS OR OTHERWISE (COLLECTIVELY, THE "FRANCHISEE INDEMNITORS"); (2) ANY ACTUAL OR ALLEGED VIOLATION OR BREACH OF ANY CONTRACT, FEDERAL, STATE, OR LOCAL LAW, REGULATION, RULING, STANDARD, OR DIRECTIVE OF ANY INDUSTRY STANDARD BY YOU OR ANY OF THE OTHER FRANCHISEE INDEMNITORS; (3) ANY ACTUAL OR ALLEGED LIBEL, SLANDER, OR ANY OTHER FORM OF DEFAMATION BY YOU OR ANY OF THE OTHER FRANCHISEE INDEMNITORS; (4) ANY ACTUAL OR ALLEGED VIOLATION OR BREACH OF ANY WARRANTY, REPRESENTATION, AGREEMENT, OR OBLIGATION IN THIS AGREEMENT BY YOU OR ANY OF THE OTHER FRANCHISEE INDEMNITORS; (5) ANY AND ALL ACTS, ERRORS, OR OMISSIONS ENGAGED IN BY YOU OR ANY OF THE OTHER FRANCHISEE INDEMNITORS, ARISING OUT OF OR RELATED TO THE DESIGN, CONSTRUCTION, CONVERSION, BUILD OUT, OUTFITTING, REMODELING, RENOVATION, UPGRADING, OR OPERATION OF THE FRANCHISED BUSINESS, WHETHER ANY OF THE FOREGOING WAS APPROVED BY FRANCHISOR, INCLUDING, BUT NOT LIMITED TO, ANY PERSONAL INJURY, DEATH, OR PROPERTY DAMAGE SUFFERED OR CAUSED BY ANY CUSTOMER, VISITOR, OPERATOR, EMPLOYEE, OR GUEST OF THE FRANCHISED BUSINESS; (6) ANY PERSONAL INJURY, DEATH, OR PROPERTY DAMAGE SUFFERED OR CAUSED BY YOU OR ANY OF THE OTHER FRANCHISEE INDEMNITORS; (7) ALL LIABILITIES ARISING FROM OR RELATED TO YOUR MARKETING, ADVERTISING, PROMOTION, OFFER, SALE, OR DELIVERY OF PRODUCTS OR SERVICES AS CONTEMPLATED BY THIS AGREEMENT; (8) ANY AND ALL LATENT OR OTHER DEFECTS IN THE FRANCHISED BUSINESS, WHETHER OR NOT DISCOVERABLE BY FRANCHISOR OR YOU; (9) THE INACCURACY OR LACK OF AUTHENTICITY OF ANY INFORMATION DISCLOSED TO ANY CUSTOMER OF THE FRANCHISED BUSINESS; (10) CRIMES COMMITTED ON OR NEAR ANY OF THE PREMISES OR FACILITIES OR VEHICLES USED BY YOUR FRANCHISED BUSINESS; (11) ANY SERVICES OR PRODUCTS PROVIDED BY ANY AFFILIATED OR NONAFFILIATED PARTICIPATING ENTITY; (12) ANY ACTION BY ANY CUSTOMER, VISITOR, OPERATOR, EMPLOYEE, OR GUEST OF THE FRANCHISED BUSINESS OR ANY OTHER FACILITY OF YOUR FRANCHISED BUSINESS; (13) ANY AND ALL ACTS, ERRORS, OR OMISSIONS ENGAGED IN BY YOU OR ANY OF THE OTHER FRANCHISEE INDEMNITORS, ARISING OUT OF OR RELATED TO ANY DISCRIMINATION, HARASSMENT, DISABILITY, HOUR AND WAGE CLAIMS, OR OTHER EMPLOYMENT PRACTICES IN ANY WAY RELATED TO THE OPERATION OF THE FRANCHISED BUSINESS, WHETHER ANY OF THE FOREGOING WAS APPROVED BY FRANCHISOR, (14) ANY AND ALL CLAIMS RELATED TO YOUR NONCOMPLIANCE OR

ALLEGED NONCOMPLIANCE WITH ANY LAW, ORDINANCE, RULE OR REGULATION, INCLUDING ANY ALLEGATION THAT WE ARE A JOINT EMPLOYER OR OTHERWISE RESPONSIBLE FOR YOUR ACTS OR OMISSIONS RELATING TO YOUR EMPLOYEES, (15) ANY DAMAGE TO THE PROPERTY OF YOU OR FRANCHISOR, YOUR AND OUR RESPECTIVE AGENTS, OR EMPLOYEES, OR ANY THIRD PERSON, FIRM, OR CORPORATION, WHETHER OR NOT SUCH LOSSES, CLAIMS, COSTS, EXPENSES, DAMAGES, OR LIABILITIES WERE ACTUALLY OR ALLEGEDLY CAUSED WHOLLY OR IN PART THROUGH THE ACTIVE OR PASSIVE NEGLIGENCE OF FRANCHISOR OR ANY OF ITS AGENTS OR EMPLOYEES, OR RESULTED FROM ANY STRICT LIABILITY IMPOSED ON FRANCHISOR OR ANY OF ITS AGENTS OR EMPLOYEES.

THE INDEMNIFICATION REQUIRED UNDER THIS SECTION 20.B SHALL APPLY TO ALL CLAIMS, INCLUDING THOSE THAT ARISE, OR ARE ALLEGED TO ARISE, AS A RESULT OF FRANCHISOR'S OWN NEGLIGENCE OR GROSS NEGLIGENCE, IF ANY, REGARDLESS OF WHETHER FRANCHISOR'S NEGLIGENCE OR GROSS NEGLIGENCE IS ALLEGED TO BE THE SOLE, CONTRIBUTING, OR CONCURRING CAUSE OF SUCH ALLEGED DAMAGES THAT MIGHT BE ASSERTED.

For purposes of this Agreement, the term "Losses and Expenses" means, without limitation, all claims, losses, liabilities, costs, and expenses including compensatory, exemplary, incidental, consequential, statutory, or punitive damages or liabilities; fines, penalties, charges, expenses, lost profits, attorneys' fees, expert fees, costs of investigation, court costs, settlement amounts, judgments, compensation for damages to Franchisor's reputation and goodwill, costs of or resulting from delays, and financing; travel, food, lodging, and other expenses necessitated by Franchisor's need or desire to appear before, or witness the proceedings of, courts or tribunals (including arbitration tribunals), or governmental or quasi-governmental entities, including those incurred by Franchisor's attorneys or experts to attend any of the same; costs of advertising material and media/time/space, and costs of changing, substituting, or replacing the same; and any and all expenses of recall, refunds, compensation, public notices, and all other amounts incurred by Franchisor in connection with the matters described above. All such Losses and Expenses incurred by Franchisor will be chargeable to and payable by you pursuant to this Section 20.B, regardless of any actions, activities, or defenses undertaken by Franchisor or the subsequent success or failure of such actions, activities, or defenses.

You shall give Franchisor written notice of any event of which you are aware for which indemnification is required within three days of your actual or constructive knowledge of such event. At your expense and risk, Franchisor may elect to assume (but under no circumstance is obligated to undertake) the defense or settlement thereof, provided that Franchisor will seek your advice and counsel. Any assumption by Franchisor shall not modify your indemnification obligation. Franchisor may, in its sole and absolute discretion, take such actions as it deems necessary and appropriate to investigate, defend, or settle any event, or take other remedial or corrective actions with respect thereof as may be, in Franchisor's sole and absolute discretion, necessary for the protection of the Franchisor Indemnities or the System. Under no circumstances will Franchisor or the Franchisor Indemnities be required to seek recovery from third parties or to otherwise mitigate their losses to maintain a claim against you; in no event will a failure to pursue recovery from third parties or to mitigate loss reduce the amounts recoverable by Franchisor or the Franchisor Indemnities from you. The indemnification obligations provided by this Section 20.B will survive the expiration or termination of this Agreement.

21. NOTICES

All notices, requests, and reports required or permitted under this Agreement must be in writing and must be personally delivered, sent by expedited delivery service or certified or registered mail, return receipt requested, first-class postage prepaid, by facsimile (provided that the sender confirms the facsimile by sending an original confirmation copy by certified mail or expedited delivery service within five calendar

days after transmission) to the respective parties at the addresses reflected in the Summary Page, unless and until a different address has been designated by written notice to the other party, or by email (provided that the sender sends a copy by certified mail or expedited delivery service within five calendar days after transmission) to the respective parties at the addresses reflected in the Summary Page, unless and until a different address has been designated by written notice to the other party. Any notice will be deemed to have been given at the time of personal delivery or receipt; provided, however, that if delivery is rejected, delivery will be deemed to have been given at the time of such rejection.

22. SEVERABILITY AND CONSTRUCTION

A. Entire Agreement.

This Agreement, all attachments to this Agreement, and all ancillary agreements executed contemporaneously with this Agreement constitute the final and fully integrated agreement between the parties regarding the subject matter of this Agreement and supersede any and all prior negotiations, understandings, representations and agreements. Nothing in this agreement or any related agreement is intended to disclaim the representation made in the disclosure document provided to you by Franchisor.

B. Modification.

This Agreement may be modified only by a written document, signed by both parties.

C. Written Consent.

Whenever this Agreement requires the prior approval or consent of Franchisor, you shall make a timely written request to Franchisor therefore and such approval or consent shall be obtained in writing.

D. No Waiver.

No failure of Franchisor to exercise any power reserved to it by this Agreement, or to insist upon strict compliance by you with any obligation or condition hereunder, and no custom or practice of the parties at variance with the terms hereof, shall constitute a waiver of Franchisor's right to demand exact compliance with any of the terms herein. Franchisor's waiver of any particular default by you shall not affect or impair Franchisor's rights with respect to any subsequent default of the same, similar, or different nature, nor shall any delay, forbearance, or omission of Franchisor to exercise any power or right arising out of any breach or default by you of any of the terms, provisions, or covenants hereof affect or impair Franchisor's right to exercise the same, nor shall such constitute a waiver by Franchisor of any right hereunder or the right to declare any subsequent breach or default and to terminate this Agreement prior to the expiration of its term. Subsequent acceptance by Franchisor of any payments due to it hereunder shall not be deemed to be a waiver by Franchisor of any preceding breach by you of any terms, covenants, or conditions of this Agreement.

E. Severability.

Except as expressly provided to the contrary herein, each section, part, term, and/or provision of this Agreement shall be considered severable, and if, for any reason, any section, part, term, and/or provision herein is determined to be invalid and contrary to, or in conflict with, any existing or future law or regulation by a court or agency having valid jurisdiction, such shall not impair the operation of, or have any other effect upon, such other portions, sections, parts, terms and/or provisions of this Agreement as may remain otherwise intelligible, and the latter shall continue to be given full force and effect and bind the parties hereto, and said invalid sections, parts, terms and/or provisions shall be deemed not to be a part of this Agreement; provided, however, that if Franchisor determines that such finding of invalidity or illegality adversely affects the basic consideration of this Agreement, Franchisor, at its option, may terminate this Agreement.

F. Captions and Headings; References to Gender; Counterparts.

All captions in this Agreement are intended solely for the convenience of the parties, and none of the captions shall be deemed to affect the meaning or construction of any provision hereof. All references herein to the masculine, neuter, or singular shall be construed to include the masculine, feminine, neuter, or plural. This Agreement may be executed in one or more originals, each of which shall be deemed an original.

G. Persons Bound.

All acknowledgments, promises, covenants, agreements and obligations herein made or undertaken by you shall be deemed jointly and severally undertaken by all of the parties executing this Agreement as franchisee hereunder. As used in this Agreement, the term "you" shall include all persons who succeed to the interest of the original franchisee by transfer or operation of law.

H. Franchisor's Judgment.

Whenever this Agreement or any related agreement grants, confers, or reserves to Franchisor the right to take action, refrain from taking action, grant or withhold consent, or grant or withhold approval, Franchisor will, unless the provision specifically states otherwise, have the right to engage in such activity at its option taking into consideration its assessment of the long-term interests of the System overall. You acknowledge and recognize, and any court or judge is affirmatively advised, that if those activities and/or decisions are supported by Franchisor's business judgment, neither said court, said judge, nor any other person reviewing those activities or decisions will substitute his, her, or its judgment for Franchisor's judgment. When the terms of this Agreement specifically require that Franchisor not unreasonably withhold approval or consent, any withholding of our approval or consent will be considered reasonable if you are in default or breach under this Agreement.

I. Third Party Beneficiaries.

This Agreement is for the sole benefit of the parties hereto and their permitted assigns and nothing herein, express or implied, shall give or be construed to give any person, other than the parties and such assigns, any legal or equitable rights under this Agreement.

23. GOVERNING LAW AND FORUM SELECTION

A. Governing Law.

Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act), the Federal Arbitration Act, the Copyright Act, or the Patent Act, this Agreement (and all matters arising out of or relating to this Agreement) are governed by, and shall be construed in accordance with, the laws of the State of Texas, without giving effect to the conflict of laws provisions thereof to the extent such principles or rules would require or permit the application of the laws of any jurisdiction other than those of the State of Texas. By agreeing to the application of Texas law, the parties do not intend to make this Agreement or their relationship subject to any franchise, distributorship, business opportunity, or similar statute, rule, or regulation of the State of Texas to which this Agreement or the parties' relationship otherwise would not be subject. As of the Effective Date, Franchisor has a place of business in the State of Texas, and Texas otherwise bears a reasonable relationship to this Agreement, the parties' relationship established by this Agreement, and the parties. Franchisee and Franchisor acknowledge and agree that the choice of applicable state law set forth in this Section provides each of the parties with the mutual benefit of uniform interpretation of this Agreement and the parties' relationship created by this Agreement. Franchisee and Franchisor further acknowledge the receipt and sufficiency of mutual consideration for such benefit, and that each Party's agreement regarding applicable state law has been negotiated in good faith and is part of the benefit of the bargain reflected in this Agreement.

B. Remedy.

Unless otherwise specified in this Agreement, no right or remedy conferred upon or reserved by Franchisor or you by this Agreement is intended and it shall not be deemed to be exclusive of any other right or remedy provided or permitted herein, by law or at equity, but each right or remedy shall be cumulative of every other right or remedy.

You may not under any circumstances make any claim for money damages based on any claim or assertion that Franchisor has unreasonably withheld or delayed any consent or approval under this Agreement, and you hereby waive any such claim for damages, whether by way of affirmative claim, setoff, counterclaim, or defense. Your sole remedy for any such claim will be an action or proceeding for specific performance of the applicable provision(s) of this Agreement.

C. Waiver Of Jury Trial.

TO THE FULLEST EXTENT PERMITTED BY LAW, FRANCHISEE, OWNER, AND THE FRANCHISOR INDEMNITIES KNOWINGLY, WILLINGLY, AND VOLUNTARILY, WITH FULL AWARENESS OF THE LEGAL CONSEQUENCES, AFTER CONSULTING WITH COUNSEL (OR AFTER HAVING WAIVED THE OPPORTUNITY TO CONSULT WITH COUNSEL) AGREE TO WAIVE THEIR RIGHT TO A JURY TRIAL OF ANY DISPUTE BETWEEN THEM. THE RIGHT TO A TRIAL BY JURY IS A RIGHT SUCH PARTIES WOULD OR MIGHT OTHERWISE HAVE HAD UNDER THE CONSTITUTIONS OF THE UNITED STATES OF AMERICA AND THE STATE IN WHICH THE FRANCHISED BUSINESS IS LOCATED.

D. Contractual Limitations Period.

Any and all claims and actions arising out of or relating to this Agreement, the parties' relationship, or the operation of the Franchised Business (including any claims of set-off or recoupment), must be brought or asserted before the expiration of the earlier of: (1) the time period for bringing an action under any applicable state or federal statute of limitations; or (2) two years and a day after the date such claim arose, whichever occurs first; or it is expressly acknowledged and agreed by all parties that such claims or actions shall be irrevocably barred.

E. Waiver Of Punitive Damages.

THE PARTIES HEREBY WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHT TO OR CLAIM OF ANY PUNITIVE, EXEMPLARY, OR MULTIPLE DAMAGES AGAINST THE OTHER.

F. Attorneys' Fees.

If either party commences a legal action against the other party arising out of or in connection with this Agreement, the prevailing party shall be entitled to have and recover from the other party its reasonable attorneys' fees and costs of suit.

G. Dispute Resolution by Binding Arbitration.

(1) Any dispute or claim between (A) you and/or any Owner and (B) Franchisor or any Franchisor Indemnitee, including but not limited to any dispute or claim arising out of or relating in any way to

(a) this Agreement or any other agreement between you and/or any Owner and Franchisor or any Franchisor Indemnitee,

(b) the offer and sale of the franchise opportunity,

(c) any representations made prior to the execution of this Agreement,

(d) the validity, enforceability, or scope of this Agreement and this arbitration agreement, and

(e) the relationship of the parties

must be submitted to binding arbitration before the American Arbitration Association ("AAA") pursuant to its Commercial Arbitration Rules in effect at the time the arbitration demand is filed. The AAA rules are available online at www.adr.org. The only disputes or claims that shall not be subject to arbitration shall be those that relate to the protection or enforcement of Franchisor's or Franchisor Indemnitees' rights in and to Intellectual Property (including, but not limited to, the Proprietary Marks). The number of arbitrators shall be one. This arbitration agreement and the arbitration shall be subject to and governed by the Federal Arbitration Act, and not any state arbitration law.

(2) Franchisee, the Owners, Franchisor, and the Franchisor Indemnitees agree that arbitration will be conducted on an individual, not a class-wide or representative, basis, that only Franchisee, the Owners, Franchisor, and the Franchisor Indemnitees may be the parties to any arbitration proceeding described in this Section, and that no such arbitration proceeding may be consolidated or joined with another arbitration proceeding involving Franchisee, the Owners, Franchisor, the Franchisor Indemnitees or any other person or entity. The arbitrator shall have no power to preside over or consider any form representative, joint, consolidated, collective or class proceeding. Despite the foregoing or anything to the contrary in this Section, if any court or arbitrator determines that all or any part of this Section is unenforceable with respect to a dispute that otherwise would be subject to arbitration, then we and you agree that this arbitration clause will not apply to that dispute, and such dispute will be resolved in a judicial proceeding in accordance with Section 23.H.

(3) We and you will be bound by any limitation under this Agreement or applicable law, whichever expires first, on the timeframe in which claims must be brought. We and you further agree that, in connection with any arbitration proceeding, each must submit or file any claim constituting a compulsory counterclaim (as defined by the then-current Rule 13 of the Federal Rules of Civil Procedure) within the same proceeding as the claim to which it relates. Any such claim not submitted or filed in the proceeding will be barred. The arbitrator does not have the right to consider any settlement discussions or offers either you or we made.

(4) Unless prohibited by law, the arbitration shall occur in Tarrant County, Texas. The arbitrator will have no authority to select a different hearing locale other than as described in the prior sentence.

(5) Except as may be required by law, neither Franchisee, its Owners, nor an arbitrator may disclose the existence, content, or results of any arbitration under this Section without the prior written consent of all parties.

(6) The arbitrator must follow, and may not disregard, the applicable law.

(7) The arbitrator has the right to award any relief he or she deems proper in the circumstances, including money damages (with interest on unpaid amounts from the date due), specific performance, injunctive relief, and attorneys' fees and costs (in accordance with Section 23.F.), provided that: (i) the arbitrator has no authority to declare any Mark generic or otherwise invalid; and (ii) we and you waive to the fullest extent the law permits any right to or claim for any punitive, exemplary, treble, and other forms of multiple damages against the other. The arbitrator's award and decision will be conclusive and bind all parties covered by this Section, and judgment upon the award may be entered in a court specified or permitted in Section 23.G.(9). below.

(8) The decision of the arbitrator will be final and binding on all parties to the dispute. A judgment may be entered upon the arbitration award in any federal or state court having jurisdiction.

(9) Despite the existence of the arbitration clause, the parties shall have the right to seek temporary restraining orders, preliminary injunctions, and similar equitable relief from a court pending arbitration of the merits of the claims. Any injunctive relief may be given without the necessity of Franchisor posting bond or other security and any such bond or other security is hereby waived.

(10) To the fullest extent permitted by law, the parties agree that any actions permitted to be brought under this Agreement by either party in any court may only be brought in a federal or state court serving the judicial district in which Franchisor's principal headquarters is located at the time litigation is commenced. You hereby irrevocably submit to the jurisdiction of the federal and state courts serving the judicial district in which Franchisor's principal headquarters is located at the time litigation is commenced, and waive any objection you may have to the jurisdiction of or venue in such courts.

H. Consent to Jurisdiction.

Subject to the arbitration obligations in Section 23.G., any judicial action must be brought in a court of competent jurisdiction in the state, and in (or closest to) the county, where Franchisor's principal place of business is then located. Each of the parties irrevocably submits to the jurisdiction of such courts and waives any objection to such jurisdiction or venue. Notwithstanding the foregoing, Franchisor may bring an action for a temporary restraining order or for temporary or preliminary injunctive relief, or to enforce an arbitration award or judicial decision, in any federal or state court in the county in which Franchisee resides or the Franchised Business is located.

I. Material Inducement for Franchisor.

FRANCHISEE ACKNOWLEDGES AND AGREES THAT THIS SECTION 23 IS ENTERED INTO VOLUNTARILY AND IS NOT THE PRODUCT OF COERCION ON THE PART OF FRANCHISOR. THE BINDING ARBITRATION, CHOICE OF LAW AND FORUM, WAIVER OF PUNITIVE DAMAGES, LIMITATION ON ACTIONS, WAIVER OF CLASS ACTION, AND OTHER PROVISIONS OF THIS SECTION 23 ARE A MATERIAL INDUCEMENT FOR FRANCHISOR TO ENTER INTO THIS AGREEMENT. IF ANY PROVISION OF THIS SECTION 23 IS DEEMED UNENFORCEABLE FOR ANY REASON, THERE WILL HAVE BEEN A FAILURE OF CONSIDERATION DELIVERED BY FRANCHISEE TO FRANCHISOR FOR THIS AGREEMENT, AND THIS AGREEMENT WILL HAVE FAILED OF ITS ESSENTIAL PURPOSE, THEREBY ENTITLING FRANCHISOR TO VOID THIS AGREEMENT AT ITS OPTION.

J. No Waiver or Disclaimer of Reliance in Certain States.

The following provision applies only to franchisees and franchises that are subject to the state franchise registration/disclosure laws in California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, or Wisconsin:

No statement, questionnaire, or acknowledgement signed or agreed to by you 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 us, any franchise seller, or any other person acting on our behalf. This provision supersedes any other term of any document executed in connection with the franchise.

24. ACKNOWLEDGMENTS

A. Reasonable Restrictions.

You have carefully considered the nature and extent of the restrictions upon you set forth in this Agreement, including, without limitation, the covenants not to compete, the restrictions on assignment, and the rights, obligations, and remedies conferred upon you under this Agreement.

[Please initial to acknowledge that you have read and understand this Section 24.A.] _____

B. Patriot Act.

You represent and warrant that to your actual knowledge: (i) neither Franchisee, nor its officers, directors, managers, members, partners or other individual who manages the affairs of Franchisee, nor any Franchisee affiliate or related party, or any funding source for the Franchised Business, is identified on the lists of Blocked Persons, Specially Designated Nationals, Specially Designated Terrorists, Specially Designated Global Terrorists, Foreign Terrorists Organizations, and Specially Designated Narcotics Traffickers at the United States Department of Treasury's Office of Foreign Assets Control (OFAC), or the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, commonly known as the "USA Patriot Act," as such lists may be amended from time to time (collectively, "Blocked Person(s)"); (ii) neither Franchisee nor any Franchisee affiliate or related party is directly or indirectly owned or controlled by the government of any country that is subject to an embargo imposed by the United States government; (iii) neither Franchisee nor any Franchisee affiliate or related party is acting on behalf of the government of, or is involved in business arrangements or other transactions with, any country that is subject to such an embargo; (iv) neither Franchisee nor any Franchisee affiliate or related party are on the United States Department of Commerce Denied Persons, Entity and Unverified Lists, or the United States Departments of State's Debarred List, as such lists may be amended from time to time (collectively, the "Lists"); (v) neither Franchisee nor any Franchisee affiliate or related party, during the term of this Agreement, will be on any of the Lists or identified as a Blocked Person; and (vi) during the term of this Agreement, neither Franchisee nor any Franchisee affiliate or related party will sell products, goods or services to, or otherwise enter into a business arrangement with, any person or entity on any of the Lists or identified as a Blocked Person. You agree to notify Franchisor in writing immediately upon the occurrence of any act or event that would render any of these representations incorrect.

[Please initial to acknowledge that you have read and understand this Section 24.B.] ____

The acknowledgments in clauses C through H below apply to all franchisees and franchises except not to any franchisees and franchises that are subject to the state franchise registration/disclosure laws in California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

C. Receipt of Disclosure Document.

You hereby acknowledge that you received from Franchisor its current franchise disclosure document, together with a copy of all proposed agreements related to the sale of the Franchise, at least 14 calendar days prior to the execution of this Agreement or at least 14 days before you paid us any consideration in connection with the sale or proposed sale of the Franchise granted by this Agreement.

[Please initial to acknowledge that you have read and understand this Section 24.C.] _____

D. Receipt of Agreement.

You hereby acknowledge that you received from Franchisor this Agreement with all blanks filled in at least seven calendar days prior to the execution of this Agreement. You represent that you have read this Agreement in its entirety and that you have been given the opportunity to clarify any provisions that you did not understand and to consult with an attorney or other professional advisor. You further represent that you understand the terms, conditions, and obligations of this Agreement and agree to be bound thereby.

[Please initial to acknowledge that you have read and understand this Section 24.D.] _____

E. Independent Investigation.

You acknowledge and represent that you are entering into this Agreement, all attachments hereto, and all ancillary agreements executed contemporaneously with this Agreement, as a result of your own independent investigation of all aspects relating to the Franchised Business. You have been advised and given the opportunity to independently investigate, analyze, and construe the business opportunity being

offered under this Agreement, the terms and provisions of this Agreement, and the prospects for the Franchised Business, using the services of legal counsel, accountants, or other advisers of your own choosing; you have either consulted with these advisors or have declined to do so. You further recognize that the business venture contemplated by this Agreement involves business risks and that its success will be largely dependent upon your skills and ability as an independent business person.

[Please initial to acknowledge that you have read and understand this Section 24.E.] _____

F. No Representations; No Reliance.

You acknowledge and represent that, except for representations made in Franchisor's current franchise disclosure document, neither Franchisor nor its Affiliates, nor any of their respective stakeholders, officers, directors, employees, agents, representatives, independent contractors, has made any representations, warranties, or guarantees, express or implied, as to the potential revenues, profits, expenses, sales volume, earnings, income, or services of the business venture contemplated under this Agreement. You further acknowledge and represent that neither Franchisor nor its representatives have made any statements inconsistent with the terms of this Agreement.

[Please initial to acknowledge that you have read and understand this Section 24.F.] _____

G. No Financial Performance Representations; No Reliance.

You specifically acknowledge that the only financial performance information furnished by Franchisor is set forth in Item 19 of its current franchise disclosure document; that no officer, director, employee, agent, representative or independent contractor of Franchisor is authorized to furnish you with any other financial performance information; and, that if any such individual attempts to or actually does give you any such financial performance information in contravention of this provision, you will immediately communicate such activity to us. For the purpose of this Section 24.G., "financial performance information" means information given, whether orally, in writing, or visually which states, suggests or infers a specific level or range of historic or prospective sales, expenses and/or profits of franchised or Franchisor-owned facilities.

[Please initial to acknowledge that you have read and understand this Section 24.G.] _____

H. No Licensure Representations; No Reliance.

You acknowledge that neither Franchisor nor its Affiliates, nor any of their respective stakeholders, officers, directors, employees, agents, representatives, independent contractors, has made any representation or statement regarding your ability to procure any required license, permit, certificate or other governmental authorization that may be necessary or required for you to carry out the activities contemplated by this Agreement.

[Please initial to acknowledge that you have read and understand this Section 24.H.] _____

IN WITNESS WHEREOF, the undersigned, intending to be legally bound, have executed this Franchise Agreement to be effective on the day and year first written above.

FRANCHISOR:	**FRANCHISEE:**
XP LEAGUE FRANCHISE, LLC, a Delaware limited liability company	_____, a limited liability company
By: _____ Carisa Findley, its President	By: _____ , its Member

STATE SPECIFIC ADDENDA / RIDERS TO FRANCHISE AGREEMENT

NO WAIVER OR DISCLAIMER OF RELIANCE IN CERTAIN STATES

The following provision applies only to franchisees and franchises that are subject to the state franchise registration/disclosure laws in California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, or Wisconsin:

> No statement, questionnaire, or acknowledgement signed or agreed to by you 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 us, any franchise seller, or any other person acting on our behalf. This provision supersedes any other term of any document executed in connection with the franchise.

ILLINOIS RIDER

TO THE XP LEAGUE FRANCHISE AGREEMENT

Supplemental Disclosure: In addition to your Initial Investment and other required fees, Item 6 of the disclosure document contains 8 pages of "Other Fees" that you must pay to the Franchisor. Make sure to review Item 6 so that you understand the financial commitment you are making.

THIS ADDENDUM (the "**Addendum**") is made and entered into by and between XP League Franchise, LLC, a Delaware limited liability company (**"Franchisor**") and _____ a _____ (**"Franchisee"**), whose principal business address is _____.

1. **BACKGROUND**. Franchisor and Franchisee are parties to that certain Franchise Agreement dated _____, 20___ (the "**Franchise Agreement**"). This Addendum is annexed to and forms part of the Franchise Agreement. This Addendum is being signed because (a) any of the offering or sales activity relating to the Franchise Agreement occurred in Illinois and the Franchised Business that Franchisee will operate under the Franchise Agreement will be located in Illinois, and/or (b) Franchisee is domiciled in Illinois.

2. **GOVERNING LAW**. Section 23.A of the Franchise Agreement is deleted and replaced with the following:

Illinois law shall govern this Agreement.

3. **FORUM FOR LITIGATION**. The following sentence is added to the end of Section 23.H. ("Consent to Jurisdiction") of the Franchise Agreement:

Section 4 of the Illinois Franchise Disclosure Act provides that any provision in a franchise agreement which designates jurisdiction or venue in a forum outside of Illinois is void.

4. **ILLINOIS FRANCHISE DISCLOSURE ACT**. The following language is added as Section 25 of the Franchise Agreement:

Illinois Franchise Disclosure Act. Section 41 of the Illinois Franchise Disclosure Act states that any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of the Act or any other law of Illinois is void. Franchisee's rights upon termination and non-renewal of a franchise agreement are set forth in Section 19 and 20 of the Illinois Franchise Disclosure Act.

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

[SIGNATURE PAGE FOLLOWS.]

IN WITNESS WHEREOF, each of the undersigned has executed this Agreement under seal as of the Effective Date.

FRANCHISOR:	**FRANCHISEE:**
XP LEAGUE FRANCHISE, LLC, a Delaware limited liability company	[_____], a [_____]
By: _____ Carisa Findley, its President	By: _____ [_____], its [_____]

MARYLAND RIDER

TO THE XP LEAGUE FRANCHISE AGREEMENT

THIS ADDENDUM (the "**Addendum**") is made and entered into by and between XP League Franchise, LLC, a Delaware limited liability company (**"Franchisor**") and _____ a _____ (**"Franchisee"**), whose principal business address is _____.

1. **BACKGROUND**. Franchisor and Franchisee are parties to that certain Franchise Agreement dated _____, 20___ (the "Franchise Agreement"). This Addendum is annexed to and forms part of the Franchise Agreement. This Addendum is being signed because (a) Franchisee is domiciled in Maryland, and/or (b) the Franchised Business that Franchisee will operate under the Franchise Agreement will be located in Maryland.

2. **RELEASES.** The following is added to the end of Section 2.B. and Article 17 of the Franchise Agreement:

> However, any release required as a condition of renewal, sale and/or assignment/transfer will not apply to any claims or liability arising under the Maryland Franchise Registration and Disclosure Law.

3. **FEES.** The following language is added to the end of Section 6 of the Franchise Agreement:

> Based upon our financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, we have secured a surety bond in the amount of $105,000 from The Ohio Casualty Insurance Company. A copy of the surety bond is on file at the Maryland Office of the Attorney General, Securities Division, 200 St. Paul Place, Baltimore, Maryland 21202.

3. **INSOLVENCY**. The following sentence is added to the end of Section 18.A. of the Franchise Agreement:

> Section 16.1 may not be enforceable under federal bankruptcy law (11 U.S.C. Sections 101 et seq.).

4. **GOVERNING LAW**. The following sentence is added to the end of Section 23.A. ("Governing Law") of the Franchise Agreement:

> Notwithstanding the foregoing, the Maryland Franchise Registration and Disclosure Law shall govern any claim arising under that law.

5. **LIMITATION OF CLAIMS**. The following sentence is added to the end of Section 23.D. ("Limitation") of the Franchise Agreement:

> Franchisee must bring any claims arising under the Maryland Franchise Registration and Disclosure Law within 3 years after Franchisor grant Franchisee the franchise.

6. **FORUM FOR LITIGATION**. The following language is added to the end of Section 23.H. ("Consent to Jurisdiction") of the Franchise Agreement:

> Franchisee may bring an action in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

7. **ACKNOWLEDGEMENTS.** Sections 24.C through 24.H of the Franchise Agreement are hereby deleted.

8. **REPRESENTATIONS**. The following is added as a new Section 25 to the end of the Franchise Agreement and to the Franchisee Disclosure Questionnaire:

25. REPRESENTATIONS.

All representations requiring Franchisee to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

IN WITNESS WHEREOF, each of the undersigned has executed this Agreement under seal as of the Effective Date.

FRANCHISOR:	**FRANCHISEE:**
XP LEAGUE FRANCHISE, LLC, a Delaware limited liability company	[_____], a [_____]
By: _____ Carisa Findley, its President	By: _____ [_____], its [_____]

MINNESOTA RIDER

TO THE XP LEAGUE FRANCHISE AGREEMENT

THIS ADDENDUM (the "**Addendum**") is made and entered into by and between XP League Franchise, LLC, a Delaware limited liability company (**"Franchisor**") and _____ a _____ (**"Franchisee"**), whose principal business address is _____.

1. **BACKGROUND**. Franchisor and Franchisee are parties to that certain Franchise Agreement dated _____, 20___ (the "Franchise Agreement"). This Addendum is annexed to and forms part of the Franchise Agreement. This Addendum is being signed because (a) the Franchised Business that Franchisee will operate under the Franchise Agreement will be located in Minnesota; and/or (b) any of the offering or sales activity relating to the Franchise Agreement occurred in Minnesota.

2. **RELEASES.** The following is added to the end of Section 2.B. and Article 17 of the Franchise Agreement:

> Any release required as a condition of renewal, sale and/or assignment/transfer will not apply to the extent prohibited by the Minnesota Franchises Law.

3. **RENEWAL TERM AND TERMINATION TERM**. The following is added to the end of Sections 2.B. and 18.C. of the Franchise Agreement:

> However, with respect to franchises governed by Minnesota law, Franchisor will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5 which require, except in certain specified cases, that Franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice of non-renewal of this Agreement.

4. **NOTIFICATION OF INFRINGEMENT AND CLAIMS**. The following sentence is added to the end of Section 20.B. of the Franchise Agreement:

> Provided Franchisee has complied with all provisions of this Agreement applicable to the Marks, Franchisor will protect Franchisee's right to use the Marks and will indemnify Franchisee from any loss, cots or expenses arising out of any claims, suits or demands regarding Franchisee's use of the Marks in accordance with Minn. Stat. Sec. 80C 12, Subd. 1(g).

5. **FORUM FOR LITIGATION**. The following language is added to the end of Section 23.H. of the Franchise Agreement:

> NOTWITHSTANDING THE FOREGOING, MINN. STAT. SEC. 80C.21 AND MINN. RULE 2860.4400J PROHIBIT US, EXCEPT IN CERTAIN SPECIFIED CASES, FROM REQUIRING LITIGATION TO BE CONDUCTED OUTSIDE OF MINNESOTA. NOTHING IN THIS AGREEMENT WILL ABROGATE OR REDUCE ANY OF FRANCHISEE'S RIGHTS UNDER MINNESOTA STATUTES CHAPTER 80.C OR FRANCHISEE'S RIGHTS TO ANY PROCEDURE, FORUM OR REMEDIES THAT THE LAWS OF THE JURISDICTION PROVIDE.

6. **GOVERNING LAW**. The following statement is added at the end of Section 23.A. of the Franchise Agreement:

> NOTHING IN THIS AGREEMENT WILL ABROGATE OR REDUCE ANY OF FRANCHISEE'S RIGHTS UNDER MINNESOTA STATUTES CHAPTER 80C OR

FRANCHISEE'S RIGHT TO ANY PROCEDURE, FORUM OR REMEDIES THAT THE LAWS OF THE JURISDICTION PROVIDE.

7. **MUTUAL WAIVER OF JURY TRIAL AND PUNITIVE DAMAGES**. If and then only to the extent required by the Minnesota Franchises Law, Sections 23.C and 23.E. of the Franchise Agreement are deleted.

8. **LIMITATION OF CLAIMS**. The following is added to the end of Section 23.D. of the Franchise Agreement:

> ; provided, however, that Minnesota law provides that no action may be commenced under Minn. Stat. Sec. 80C.17 more than 3 years after the cause of action accrues.

9. **INJUNCTIVE RELIEF**. Section 23.H. of the Franchise Agreement is amended with the following:

> Nothing in this Agreement bars Franchisor's right to obtain specific performance of the provisions of this Agreement and seek injunctive relief against conduct that threatens to injure or harm us, the Marks or the System, under customary equity rules, including applicable rules for obtaining restraining orders and preliminary injunctions. Franchisee agrees that Franchisor may seek such injunctive relief. Franchisee agrees that its only remedy if an injunction is entered against Franchisee will be the dissolution of that injunction, if warranted, upon due hearing, and Franchisee hereby expressly waives any claim for damages caused by such injunction. A court will determine if a bond is required.

IN WITNESS WHEREOF, each of the undersigned has executed this Agreement under seal as of the Effective Date.

FRANCHISOR:	**FRANCHISEE:**
XP LEAGUE FRANCHISE, LLC, a Delaware limited liability company	[_____], a [_____]
By: _____ Carisa Findley, its President	By: _____ [_____], its [_____]

NEW YORK RIDER

TO THE XP LEAGUE FRANCHISE AGREEMENT

THIS ADDENDUM (the "**Addendum**") is made and entered into by and between XP League Franchise, LLC, a Delaware limited liability company (**"Franchisor**") and _____ a _____ (**"Franchisee"**), whose principal business address is _____.

1. **BACKGROUND**. Franchisor and Franchisee are parties to that certain Franchise Agreement dated _____, (the "Franchise Agreement"). This Addendum is being signed because (a) Franchisee is domiciled in the State of New York and the Franchised Business that Franchisee will operate under the Franchise Agreement will be located in New York, and/or (b) any of the offering or sales activity relating to the Franchise Agreement occurred in New York.

2. **RELEASES**. The following language is added to the end of Sections 2.B.(7), 5.B.(3), 17.B.(3), and 17.D.(3) of the Franchise Agreement:

> Notwithstanding the foregoing all rights enjoyed by Franchisee and any causes of action arising in Franchisee's favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force to the extent required by the non-waiver provisions of GBL Sections 687.4 and 687.5, as amended.

3. **TERMINATION OF AGREEMENT - BY FRANCHISEE**. The following language is added as Section 18.H. of the Franchise Agreement:

> Franchisee also may terminate this Agreement on any grounds available by law under the provisions of Article 33 of the General Business Law of the State of New York.

4. **INJUNCTIVE RELIEF.** The following sentence is added to the end of Section 23.H.:

> Franchisor's right to obtain injunctive relief exists only after proper proofs are made and the appropriate authority has granted such relief.

5. **FORUM FOR LITIGATION**. The following statement is added at the end of Section 23.G. of the Franchise Agreement:

> This section shall not be considered a waiver of any right conferred upon Franchisee by the provisions of Article 33 of the New York State General Business Law, as amended, and the regulations issued thereunder.

6. **GOVERNING LAW.** The following is added to the end of Section 23.A. of the Franchise Agreement:

> This section shall not be considered a waiver of any right conferred upon Franchisee by the provisions of Article 33 of the New York State General Business Law, as amended, and the regulations issued thereunder.

IN WITNESS WHEREOF, each of the undersigned has executed this Agreement under seal as of the Effective Date.

FRANCHISOR:	**FRANCHISEE:**
XP LEAGUE FRANCHISE, LLC, a Delaware limited liability company	[_____], a [_____]
By: _____ Carisa Findley, its President	By: _____ [_____], its [_____]

NORTH DAKOTA RIDER

TO THE XP LEAGUE FRANCHISE AGREEMENT

THIS ADDENDUM (the "**Addendum**") is made and entered into by and between XP League Franchise, LLC, a Delaware limited liability company (**"Franchisor**") and _____ a _____ (**"Franchisee"**), whose principal business address is _____.

1. **BACKGROUND**. Franchisor and Franchisee are parties to that certain Franchise Agreement dated _____, 20___ (the "Franchise Agreement"). This Addendum is annexed to and forms part of the Franchise Agreement. This Addendum is being signed because (a) Franchisee is a resident of North Dakota and the Franchised Business that Franchisee will operate under the Franchise Agreement will be located or operated in North Dakota; and/or (b) any of the offering or sales activity relating to the Franchise Agreement occurred in North Dakota.

2. **RELEASES**. The following is added to the end of Sections 2.B.(7), 5.B.(3), 17.B.(3), and 17.D.(3) of the Franchise Agreement:

> Any release required as a condition of renewal, sale and/or assignment/transfer will not apply to the extent prohibited by the North Dakota Franchise Investment Law.

3. **COVENANT NOT TO COMPETE**. The following is added to the end of Sections 14.B. and 14.C. of the Franchise Agreement:

> Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota; however, we will enforce the covenants to the maximum extent the law allows.

4. **GOVERNING LAW**. Section 23.A. of the Franchise Agreement is deleted and replaced with the following:

> EXCEPT TO THE EXTENT GOVERNED BY THE UNITED STATES TRADEMARK ACT OF 1946 (LANHAM ACT, 15 U.S.C. SECTIONS 1051 ET SEQ.), OR OTHER UNITED STATES FEDERAL LAW, AND EXCEPT AS OTHERWISE REQUIRED BY NORTH DAKOTA LAW, THIS AGREEMENT, THE FRANCHISE, AND ALL CLAIMS ARISING FROM THE RELATIONSHIP BETWEEN US AND FRANCHISEE WILL BE GOVERNED BY THE LAWS OF THE STATE OF TEXAS WITHOUT REGARD TO ITS CONFLICT OF LAWS RULES, EXCEPT THAT ANY LAW REGULATING THE SALE OF FRANCHISES OR GOVERNING THE RELATIONSHIP OF A FRANCHISOR AND ITS FRANCHISEE WILL NOT APPLY UNLESS ITS JURISDICTIONAL REQUIREMENTS ARE MET INDEPENDENTLY WITHOUT REFERENCE TO THIS SECTION.

5. **FORUM FOR LITIGATION**. The following is added to the end of Section 23.H. of the Franchise Agreement:

> NOTWITHSTANDING THE FOREGOING, TO THE EXTENT REQUIRED BY THE NORTH DAKOTA FRANCHISE INVESTMENT LAW, AND SUBJECT TO FRANCHISEE'S MEDIATION AND ARBITRATION OBLIGATIONS, FRANCHISEE

MAY BRING AN ACTION IN NORTH DAKOTA FOR CLAIMS ARISING UNDER THE NORTH DAKOTA FRANCHISE INVESTMENT LAW.

6. **WAIVER OF PUNITIVE DAMAGES AND JURY TRIAL**. To the extent required by the North Dakota Franchise Investment Law, Sections 23.C. and 23.E. of the Franchise Agreement are deleted.

7. **LIMITATIONS OF CLAIMS**. To the extent required by the North Dakota Franchise Investment Law, Section 23.D. of the Franchise Agreement is deleted.

IN WITNESS WHEREOF, each of the undersigned has executed this Agreement under seal as of the Effective Date.

FRANCHISOR:	**FRANCHISEE:**
XP LEAGUE FRANCHISE, LLC, a Delaware limited liability company	[_____], a [_____]
By: _____ Carisa Findley, its President	By: _____ [_____], its [_____]

RHODE ISLAND RIDER

TO THE XP LEAGUE FRANCHISE AGREEMENT

THIS ADDENDUM (the "**Addendum**") is made and entered into by and between XP League Franchise, LLC, a Delaware limited liability company (**"Franchisor**") and _____ a _____ (**"Franchisee"**), whose principal business address is _____.

1. **BACKGROUND**. Franchisor and Franchisee are parties to that certain Franchise Agreement dated _____, 20____ (the "Franchise Agreement"). This Addendum is annexed to and forms part of the Franchise Agreement. This Addendum is being signed because (a) Franchisee is domiciled in Rhode Island and the Franchised Business that Franchisee will operate under the Franchise Agreement will be located in Rhode Island; and/or (b) any of the offering or sales activity relating to the Franchise Agreement occurred in Rhode Island.

2. **NON-RENEWAL AND TERMINATION.** The following paragraph is added to the end of Sections 2.B. and 18.C.:

> Section 6-50-4 of the Rhode Island Fair Dealership Law includes the requirement that, in certain circumstances, a franchisee receive 90 days' notice of termination, cancellation, non-renewal or substantial change in competitive circumstances. The notice shall state all the reasons for termination, cancellation, non-renewal or substantial change in competitive circumstances and shall provide that the franchisee has 60 days in which to rectify any claimed deficiency and shall supersede the requirements of the Franchise Agreement to the extent they may be inconsistent with the Law's requirements. If the deficiency is rectified within 60 days the notice shall be void. The above-notice provisions shall not apply if the reason for termination, cancellation or nonrenewal is insolvency, the occurrence of an assignment for the benefit of creditors or bankruptcy. If the reason for termination, cancellation, nonrenewal or substantial change in competitive circumstances is nonpayment of sums due under the Franchise Agreement, Franchisee shall be entitled to written notice of such default, and shall have 10 days in which to remedy such default from the date of delivery or posting of such notice.

3. **GOVERNING LAW / FORUM FOR LITIGATION**. The following language is added to the end of Sections 23.A. and 23.H. of the Franchise Agreement:

> SECTION 19-28.1-14 OF THE RHODE ISLAND FRANCHISE INVESTMENT ACT PROVIDES THAT "A PROVISION IN A FRANCHISE AGREEMENT RESTRICTING JURISDICTION OR VENUE TO A FORUM OUTSIDE THIS STATE OR REQUIRING THE APPLICATION OF THE LAWS OF ANOTHER STATE IS VOID WITH RESPECT TO A CLAIM OTHERWISE ENFORCEABLE UNDER THIS ACT." TO THE EXTENT REQUIRED BY APPLICABLE LAW, RHODE ISLAND LAW WILL APPLY TO CLAIMS ARISING UNDER THE RHODE ISLAND FRANCHISE INVESTMENT ACT.

IN WITNESS WHEREOF, each of the undersigned has executed this Agreement under seal as of the Effective Date.

FRANCHISOR:	**FRANCHISEE:**
XP LEAGUE FRANCHISE, LLC, a Delaware limited liability company	[_____], a [_____]
By: _____ Carisa Findley, its President	By: _____ [_____], its [_____]

WASHINGTON RIDER

TO THE XP LEAGUE FRANCHISE AGREEMENT

THIS ADDENDUM (the "**Addendum**") is made and entered into by and between XP League Franchise, LLC, a Delaware limited liability company (**"Franchisor**") and _____ a _____ (**"Franchisee"**), whose principal business address is _____.

1. **BACKGROUND**. Franchisor and Franchisee are parties to that certain Franchise Agreement dated _____, 20____ (the "Franchise Agreement"). This Addendum is annexed to and forms part of the Franchise Agreement. This Addendum is being signed because (a) Franchisee is domiciled in Washington; and/or (b) the Franchised Business that Franchisee will operate under the Franchise Agreement will be located or operated in Washington; and/or (c) any of the offering or sales activity relating to the Franchise Agreement occurred in Washington.

2. **WASHINGTON LAW**.

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed $100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed $250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

3. Sections 2.B.(7), 17.B.(3), 17.C.(4), and 17.D.(3) of the Franchise Agreement do not apply to claims arising under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

4. Sections 14(F) and 23.I of the Franchise Agreement are hereby deleted.

5. Section 19.C of the Franchise Agreement is amended to read as follows:

Without limiting any right or remedy of Franchisor set forth in Sections 18 and 19, upon the occurrence of a "Triggering Event" (meaning termination or expiration of the franchise),Franchisee, on behalf of itself and its Affiliates and Owners, hereby grants to Franchisor or Franchisor's designee the right to purchase the Assets from Franchisee, its Owners and its Affiliates for Fair Market Value, free and clear of all liens, restrictions and encumbrances, determined as set forth in Section 19.B, and with all rights of offset described therein.

IN WITNESS WHEREOF, each of the undersigned has executed this Agreement under seal as of the Effective Date.

FRANCHISOR:	**FRANCHISEE:**
XP LEAGUE FRANCHISE, LLC, a Delaware limited liability company	[_____], a [_____]
By: _____ Carisa Findley, its President	By: _____ [_____], its [_____]

WISCONSIN RIDER

TO THE XP LEAGUE FRANCHISE AGREEMENT

THIS ADDENDUM (the "**Addendum**") is made and entered into by and between XP League Franchise, LLC, a Delaware limited liability company (**"Franchisor**") and _____ a _____ (**"Franchisee"**), whose principal business address is _____.

1. **BACKGROUND**. Franchisor and Franchisee are parties to that certain Franchise Agreement dated _____, 20____ (the "Franchise Agreement"). This Addendum is annexed to and forms part of the Franchise Agreement. This Addendum is being signed because (a) Franchisee is domiciled in Wisconsin and the Franchised Business that Franchisee will operate under the Franchise Agreement will be located in Wisconsin; and/or (b) any of the offering or sales activity relating to the Franchise Agreement occurred in Wisconsin.

2. **NON-RENEWAL AND TERMINATION.** The following paragraph is added to the end of Sections 2.B. and 18.C.:

> Section 135.04 of the Wisconsin Fair Dealership Law includes the requirement that, in certain circumstances, a franchisee receive 90 days' notice of termination, cancellation, non-renewal or substantial change in competitive circumstances. The notice shall state all the reasons for termination, cancellation, non-renewal or substantial change in competitive circumstances and shall provide that the franchisee has 60 days in which to rectify any claimed deficiency and shall supersede the requirements of the Franchise Agreement to the extent they may be inconsistent with the Law's requirements. If the deficiency is rectified within 60 days the notice shall be void. The above-notice provisions shall not apply if the reason for termination, cancellation or nonrenewal is insolvency, the occurrence of an assignment for the benefit of creditors or bankruptcy. If the reason for termination, cancellation, nonrenewal or substantial change in competitive circumstances is nonpayment of sums due under the Franchise Agreement, Franchisee shall be entitled to written notice of such default, and shall have 10 days in which to remedy such default from the date of delivery or posting of such notice.

IN WITNESS WHEREOF, each of the undersigned has executed this Agreement under seal as of the Effective Date.

FRANCHISOR:	**FRANCHISEE:**
XP LEAGUE FRANCHISE, LLC, a Delaware limited liability company	[_____], a [_____]
By: _____ Carisa Findley, its President	By: _____ [_____], its [_____]

ATTACHMENT A

GLOSSARY OF ADDITIONAL TERMS

Capitalized terms will have the following meanings, unless otherwise defined in this Agreement.

"**Advertising Cooperative**" means a group of XP League businesses formed to facilitate marketing and advertising placement in a particular geographic area.

"**Affiliate**" means any entity that is wholly or partly owned by another entity, that shares common ownership with another entity, or that has an ownership interest in another entity.

"**Approved Location**" means the Franchisor-approved site for the Franchised Business in the Protected Area that meets Franchisor's site selection criteria, as specified in Attachment B.

"**Business Entity**" means a corporation, limited liability company, limited partnership, or other entity created pursuant to statutory authority.

"Affiliated Division" or "XP League Affiliated Division" Refers to and means a XP League Business that is established and operated within a designated area on the premises of an Affiliated Brand. If, at the time of signing this Agreement, Franchisee elects to establish and operate an Affiliated Division, the authorized Affiliated Brand may be identified on the Summary Page or Attachment B.

"Center" or **"XP League Center"** Refers to and means a XP League Business that is developed and operated as a leased retail store or commercial business facility and/or owned by Franchisee that is located within Franchisee's Protected Area at a location selected by Franchisee and approved by Franchisor in writing. If at the time of signing this Agreement Franchisee elects to establish and operate a XP League Center and if at the time of signing this Franchise Agreement, the authorized location of Franchisee's Center may be identified on the Summary Page or Attachment A. A Center must be constructed and improved in accordance with Franchisor's standards and specifications and must be exclusively devoted to the operations of the Franchised Business. A Center must be open daily, on a full-time basis, in accordance with Franchisor's standards and specifications as indicated in the Manual. XP League Center Businesses may offer and provide Proprietary Products on a mobile basis at Third Party Sites within the Protected Area.

"**Competitive Business**" means any business or facility (at a fixed location or on a mobile basis) owning, operating or managing or granting franchises or licenses to others to do so, any studio, school, store, business, service, event or facility that features or provides i) Esports league coaching, competitions, coach-led athletics and other resources, camps, and special events utilizing the Esports ecosystem to elementary and middle school aged children that are the same or similar to the Products and Services offered by XP League Divisions (other than a XP League Division under a franchise agreement with us), ii) a LAN center, or iii) any business offering video game tournaments or recreational or competitive game leagues. A Competitive Business also includes any business acting as an area representative, franchise broker, business broker, franchise seller, area representative or the like for any business franchising or licensing Competitive Businesses other than us. During the term of the Franchise Agreement, you must provide us with ninety (90) days' notice before you purchase any other franchise.

"**Confidential Information**" means all information, knowledge, elements, trade secrets, and know-how utilized or embraced by the System, or which otherwise concerns Franchisor's systems of operation, programs, services, products, customers, practices, materials, books, records, financial information, manuals, computer files, databases, or software; including, but not limited to: the Standards and all elements of the System and all products, services, equipment, technologies, policies, standards, requirements, criteria, and procedures which now or in the future are a part of the System; all information contained in the Manual, including supplements to the Manual; Franchisor's standards and specifications for product preparation, packaging, and service; all specifications, sources of supply, all procedures, systems, techniques and activities employed by Franchisor or by you in the offer and sale of products and/or services at or from the Franchised Business premises; all pricing paradigms established by Franchisor or by you; all

of Franchisor's and/or your sources, or prospective sources, of supply and all information pertaining to same, including wholesale pricing structures, the contents of sourcing agreements, and the identity of vendors and suppliers; Franchisor's specifications, and your final plans, for the construction, buildout, design, renovation, décor, equipment, signage, furniture, fixtures and trade dress elements of your Franchised Business premises; the identify of, and all information relating to, the computer and POS hardware and software utilized by Franchisor and you; all information and data pertaining to Franchisor's and/or your advertising, marketing, promotion, and merchandising campaigns, activities, materials, specifications and procedures; information obtained through the Dashboard Access Agreement; all customer lists and records generated and/or otherwise maintained by your Franchised Business; all internet/web protocols, procedures, and content related to the System and your Franchised Business; Franchisor's training and other instructional programs and materials; all elements of Franchisor's recommended staffing, staff training, and staff certification policies and procedures; all communications between you and Franchisor, including the financial and other reports you are required to submit to Franchisor under this Agreement; additions to, deletions from, and modifications and variations of the components of the System and the other systems and methods of operations which Franchisor employs now or in the future; all other knowledge, trade secrets, or know-how concerning the methods of operation of your Franchised Business which may be communicated to you, or of which you may be apprised, by virtue of operation under the terms of the Franchise Agreement; and all other information, knowledge, and know-how which either Franchisor or its Affiliates, now or in the future, designate as "Confidential Information."

"**Controlling Interest**" means: (a) if you are a corporation or a limited liability company, that the Owners, either individually or cumulatively (i) directly or indirectly own at least 50% of the shares of each class of the developer entity's issued and outstanding capital stock or membership units, as applicable; and (ii) are entitled, under its governing documents and under any agreements among the Owners, to cast a sufficient number of votes to require such entity to take or omit to take any action which such entity is required to take or omit to take under this Agreement; or (b) if you are a partnership, that the Owners (i) own at least 51% interest in the operating profits and operating losses of the partnership as well as at least 51% ownership interest in the partnership (and at least 51% interest in the shares of each class of capital stock of any corporate general partner); and (ii) are entitled under its partnership agreement or applicable law to act on behalf of the partnership without the approval or consent of any other partner or be able to cast a sufficient number of votes to require the partnership to take or omit to take any action which the partnership is required to take or omit to take under this Agreement.

"Corporate Entity" Refers to and means a corporation, limited liability company, partnership or other corporate legal entity that is not an individual person.

"**Crisis Management Event**" means any event that occurs at or about the Franchised Business premises or in connection with the operation of the Franchised Business that has or may cause harm or injury to customers or employees, such as food contamination, food spoilage/poisoning, food tampering/sabotage, contagious diseases, natural disasters, terrorist acts, personal injuries, shootings or other acts of violence, or any other circumstance which may materially and adversely affect the System or the goodwill symbolized by the marks.

"Designated Manager" Refers to and means the individual Owner(s) or other manager responsible for the day to day oversight, management, and operation of the Franchised Business. Said individual must be approved by Franchisor in writing, as indicated in Attachment C.

"**Electronic Media**" shall include, but not be limited to, blogs, microblogs, social media and networking sites (such as Facebook, Instagram, and LinkedIn), video-sharing and photo-sharing sites (such as YouTube and TikTok), review sites (such as Yelp and Google), marketplace sites (such as eBay and Craigslist), Wikis, chat rooms, and virtual worlds.

"**Grand Opening Advertising Amount**" means the amount set forth in the Summary Page that Franchisee will spend in connection with the opening of the Franchised Business.

"GAAP" Refers to and means United States Generally Accepted Accounting Principles.

"**Gross Sales**" means the dollar aggregate of: (1) the sales price of all products, services, membership fees, merchandise, and other items sold, and the charges for all Services Franchisee performs, whether made for cash, on credit or otherwise, without reserve or deduction for inability or failure to collect, including sales and services (A) originating at the Franchised Business premises even if delivery or performance is made offsite from the Franchised Business premises (i.e., mobile basis), (B) placed by mail, facsimile, telephone, the internet and similar means if received or filled at or from the Franchised Business premises, and (C) that Franchisee in the normal and customary course of Franchisee's operations would credit or attribute to the operation of the Franchised Business; and (2) all monies, trade value or other things of value that Franchisee receives from the Franchised Business operations at, in, or from the Franchised Business premises that are not expressly excluded from Gross Sales. Gross Sales does not include: (1) the exchange of merchandise between the Franchised Businesses (if Franchisee operates multiple franchises) if the exchanges are made solely for the convenient operation of the Franchised Business and not for the purpose of depriving Franchisor of the benefit of a sale that otherwise would have been made at, in, on or from the Franchised Business; (2) returns to shippers, vendors, or manufacturers; (3) sales of fixtures or furniture after being used in the conduct of the Franchised Business; (4) the sale of gift certificates and stored value cards (the redemption value will be included in Gross Sales at the time of redemption); (5) insurance proceeds; (6) sales to employees at a discount; (7) cash or credit refunds for transactions included within Gross Sales (limited, however, to the selling price of merchandise returned by the purchaser and accepted by Franchisee); (8) the amount of any city, county, state or federal sales, luxury or excise tax on such sales that is both (A) added to the selling price or absorbed therein and (B) paid to the taxing authority; and (9) tips and gratuities. A purchase returned to the Franchised Business may not be deducted from Gross Sales unless the purchase was previously included in Gross Sales.

"**Ideas and Concepts**" means processes, innovations, improvements, ideas, concepts, methods, techniques, materials or customer information relating to the System, Confidential Information and/or XP League businesses that you or any of your Owners, Affiliates, personnel or independent contractors discovers, invents, creates, develops or derives from time to time in connection with the development or operation of the Franchised Business.

"**Initial Franchise Fee**" means the initial fee Franchisee must pay to Franchisor upon Franchisee's execution of this Agreement as set forth in Section 6.A. and in the amount set forth in the Summary Page.

"**Intellectual Property**" means all intellectual property or other proprietary rights throughout the world, whether existing under contract, statutes, convention, civil law, common law or any law whatsoever, now or hereafter in force or recognized, including (1) patents and rights to inventions; (2) trademarks, service marks, logos, trade dress and design rights; (3) works of authorship, including, without limitation, copyrights, source codes, moral rights, and neighboring rights; (4) trade secrets; (5) Ideas and Concepts; (6) publicity and privacy rights; (7) any rights analogous to those set forth herein and any other intellectual property and proprietary rights; (8) any application or right to apply for any of the rights referred to in subsections (1) through (7) above; and (9) any and all renewals, divisions, continuations, continuations-in-part, re-issuances, re-examinations, extensions and restorations of any of the foregoing (as applicable).

"**Local Marketing Expenditure**" means the amount Franchisee must spend monthly on local advertising for the Franchised Business in the Protected Area each month as set forth in Section 15.A and in the amount set forth in the Summary Page, as may be amended.

"**Manual**" or "**Operations Manual**" means the series of documents, publications, bulletins, materials, drawings, memoranda, CDs, DVDs, MP3s, and other media Franchisor may loan you from time-to-time, which sets forth the System's operating systems, procedures, policies, methods, standards, specifications,

and requirements for operating your Franchised Business, and which contains information and knowledge necessary and material to the System, and designated by Franchisor as the mandatory guide for the development and operation of XP League businesses, including, without limitation, the confidential and proprietary Operations Manual and High School Manual, each as Franchisor may, in its sole discretion, revise, amend, modify, or update from time-to-time upon notice of such revisions, amendment, modification, or update to you or your Affiliates.

"Mobile XP League" Refers to and means a XP League Business that, exclusively, offers and provides Proprietary Products on a mobile basis at Third Party Sites within a designated operating territory.

"Office" Refers to and means the home-based office from which a XP League franchisee administratively manages a Mobile XP League or their Center during the time their Approved Location site has not yet been approved by the Franchisor, as identified in Attachment B. To be an Office, the office must be located within the personal residence of a XP League franchisee or if the franchisee is a Corporate Entity, an owner of a XP League franchisee.

"**Opening Date**" means the date by which the Franchised Business must open for business to the public, which is the earlier of 120 days from the Effective Date or within 60 days following completion of the initial training program.

"**Owner(s)**" means you if you are an individual, or each individual or entity holding more than a ten percent equity interest in you if you are a Business Entity (regardless of voting rights), and the franchisee individual(s) or entity(ies) that enter into the Franchise Agreement if you are a Business Entity. It includes all officers, directors, and shareholders of a corporation, all managers and members of a limited liability company, all general and limited partners of a limited partnership, and the grantor and the trustee of the trust. If any Owner is a Business Entity, then the term "Owner" also includes the Owners of that Business Entity.

"**Person**" means an individual (and the heirs, executors, administrators, or other legal representatives of an individual), a partnership, a corporation, a limited liability company, a government, or any department or agency thereof, a trust, and any other incorporated or unincorporated association or organization.

"**Proprietary Marks**" means the trade names, service marks, trademarks, logos, emblems, and indicia of origin as Franchisor may designate in writing for use in connection with the System, including, but not limited to, the collection of trademarks listed in the chart below for the country in which your Franchised Business is located.

"**Protected Area**" means the geographic area identified in Attachment B to this Agreement.

"**Relocation Fee**" means 25% of the then-current initial franchise fee.

"**Renewal Fee**" means 25% of the then-current initial franchise fee plus reimbursement of legal and professional fees and other costs incurred by Franchisor in connection with the renewal.

"**Royalty Fee**" means the continuing royalty fee Franchisee must pay to Franchisor as set forth in Section 6.B., subject to the Minimum Royalty Fee.

"Service Vehicle" refers to and means a specially designated vehicle that is branded and wrapped in accordance with Franchisor's standards and specifications, has been approved by Franchisor in writing, and that is used by Franchisee in the operations of the Franchised Business. If Franchisee elects to lease or operate a Service Vehicle, Franchisee must obtain Franchisor's approval as to the approved wrap, brand identification, and vehicle type.

"**Site Application**" means the documents and information that Franchisee must submit to Franchisor prior to Franchisor's evaluation of a proposed site, including without limitation a description of the proposed site, demographic characteristics, traffic patterns, parking, character of the neighborhood, competition from other businesses in the area, the proximity to other businesses, the nature of other businesses in proximity

to the site, and other commercial characteristics (including the purchase price, rental obligations and other lease terms for the proposed site) and the size, appearance, other physical characteristics and a site plan of the premises.

"**Site Selection Area**" means the geographical area defined by the map in Attachment B within which Franchisee must conduct its search to find an acceptable location for its Franchised Business. "Site Selection Area Name," as defined on the Summary Page, shall mean the general identifying name for the Franchisee's area, and does not endow any greater area than the Site Selection map identified in Attachment B.

"XP League Business" Refers to and means any businesses owned and/or operated by Franchisor, Franchisor's affiliates or an authorized franchisee or licensee that utilizes or is required to utilize the System or Proprietary Marks. Generally, a XP League Business may be developed and operated as either a Mobile XP League, a XP League Center, or a Affiliated Division.

"**Standards**" means the standards, specifications, policies, procedures, and techniques that Franchisor has developed relating to the location, establishment, operation, and promotion of Franchisor's Franchised Businesses, all of which may be changed by Franchisor in its sole discretion. The Standards include, among other things: required and recommended business practices; product preparation techniques; presentation standards; standards and specifications for Franchised Business design and appearance; customer service standards; sales techniques and procedures; and other management, operational, and accounting procedures.

"Third Party Sites" Refers to and means temporary third-party retail, commercial or community-based sites and venues such as schools, community centers, recreation centers and businesses located within Franchisee's Protected Area that are of the type and nature that are approved by Franchisor as sites from which Franchisee is authorized to offer and provide the Proprietary Products. Franchisor, in Franchisor's Business Judgment may, from time to time, determine and modify the types of locations that qualify as approved Third Party Sites from which Franchisee may offer and provide the Proprietary Products.

"**Transfer Fee**" means 1) 50% of the then-current initial franchise fee if Controlling Interest is transferred to a new approved franchisee; 2) 25% of the then-current initial franchise fee if Controlling Interest is transferred to an approved existing franchisee; plus, reimbursement of legal and professional fees and other costs incurred by Franchisor in connection with the transfer, not to exceed $3,500; or 3) $3,500 if i) 20% or less of the total outstanding units in the Franchised Business are being transferred to an approved Owner *and* ii) limited to one time per rolling twelve-month period (otherwise, 25% of the then-current initial franchise fee).

"Undertaking and Guaranty" Refers to and means the form of agreement attached to this Agreement as Attachment C. The Undertaking and Guaranty is an agreement and Guaranty entered into by the Owners Franchisee and is entered into in their respective individual and personal capacities.

"Website" means an interactive electronic document, series of symbols, or otherwise, that is contained in a network of computers linked by communications software. The term Website includes, but is not limited to, Internet and World Wide Web home pages.

REGISTERED US MARKS:

Mark	USPTO Registration Number	Registration Date
XP League (standard character)	6633152	February 1, 2022

XP LEAGUE®
FRANCHISE AGREEMENT

ATTACHMENT B

APPROVED LOCATION, SITE SELECTION AREA, AND PROTECTED AREA

Section 1.A. The Approved Location is at: .

Section 1.B. The Protected Area partially includes the following zip codes and the map, where boundaries of the map control if there is a conflict: .

Section 3.A. The Site Selection Area map is:

Section 3.C.(4) The home office address is at: .

IN WITNESS WHEREOF, the undersigned, intending to be legally bound, have executed this Attachment B to be effective as of the Effective Date.

FRANCHISOR:	**FRANCHISEE:**
XP LEAGUE FRANCHISE, LLC, a Delaware limited liability company	_____, a limited liability company
By: _____ Carisa Findley, its President	By: _____ , its Member

XP LEAGUE®
FRANCHISE AGREEMENT

ATTACHMENT C

FRANCHISEE'S OWNERS AND KEY PERSONNEL

A. The following is a list of all shareholders, partners, members, or other investors owning a direct or indirect interest in the Franchisee, and a description of the nature of their interest, each of whom shall execute the Undertaking and Guaranty substantially in the form set forth in Attachment D to the Franchise Agreement:

NAME, ADDRESS, TELEPHONE NUMBER, AND EMAIL	OWNERSHIP INTEREST IN FRANCHISEE	NATURE OF INTEREST
	%	Member
	%	Member
	%	Member
	%	Member
	%	Member
	%	Member

B. The following is a list of all of Franchisee's Owners and key personnel, each of whom shall execute the Confidentiality Agreement and Non-Competition Agreement substantially in the form set forth in Attachment E to the Franchise Agreement:

NAME, ADDRESS, TELEPHONE NUMBER,AND EMAIL	POSITION

C. Franchisee's Designated Manager is: .
Telephone Number: _____ .
Email Address: _____ .

D. Franchisee represents to Franchisor that the persons identified in this Attachment C, Sections A and B reflect a true and correct listing of the shareholders, partners, members, or other persons/companies owning a direct or indirect interest in the Franchisee and a true and correct description of the nature of their interest.

FRANCHISEE:

_____,
a limited liability company

By: _____
, its Member

XP LEAGUE®
FRANCHISE AGREEMENT

ATTACHMENT D

UNDERTAKING AND GUARANTY

By virtue of executing a XP League® Franchise Agreement ("Franchise Agreement") dated _____ , _____ ("Franchisee") has acquired the right and franchise from XP League Franchise, LLC ("Franchisor") to establish and operate a XP League® business ("Franchised Business") and the right to use in the operation of the Franchised Business the Proprietary Marks and the System, as they may be changed, improved, and further developed from time-to-time in Franchisor's sole discretion.

Pursuant to the terms and conditions of the Franchise Agreement, each of the undersigned hereby acknowledges and agrees as follows:

1. I have read the terms and conditions of the Franchise Agreement and acknowledge that the execution of this Undertaking and Guaranty and the undertakings of the Owners in the Franchise Agreement are in partial consideration for, and a condition to, the granting of the rights under the Franchise Agreement. I understand and acknowledge that Franchisor would not have granted such rights without the execution of this Undertaking and Guaranty and the other undertakings of the Owners in the Franchise Agreement.

2. I own a beneficial interest in the Franchisee, and I am included within the term "Owner" as defined in the Franchise Agreement.

3. I, individually and jointly and severally with the other Owners, hereby make all of the covenants, representations, warranties, and agreements of the Owners set forth in the Franchise Agreement, and agree that I am obligated to and will perform thereunder, including, without limitation, the provisions regarding compliance with the Franchise Agreement in Article 11, the use of confidential information in Article 14, the covenants in Article 14, the transfer provisions in Article 17, the choice of law and venue provisions in Article 23, and the indemnification obligations in Article 20.

4. I, individually and jointly and severally with the other Owners, unconditionally and irrevocably guarantee to Franchisor and its successors and assigns that all obligations of the Franchisee under the Franchise Agreement will be punctually paid and performed. Upon default by the Franchisee or upon notice from Franchisor, I will immediately make each payment and perform each obligation required of the Franchisee under the Franchise Agreement. Without affecting the obligations of any Owner under this or any other Undertaking and Guaranty, Franchisor may, without notice to any Owner, waive, renew, extend, modify, amend, or release any indebtedness or obligation of the Franchisee or settle, adjust, or compromise any claims that Franchisor may have against the Franchisee. I waive all demands and notices of every kind with respect to the enforcement of this Undertaking and Guaranty, including notices of presentment, demand for payment or performance by the Franchisee, any default by the Franchisee or any guarantor, and any release of any guarantor or other security for this Undertaking and Guaranty or the obligations of the Franchisee. Franchisor may pursue its rights against me without first exhausting its remedies against the Franchisee and without joining any other guarantor and no delay on the part of Franchisor in the exercise of any right or remedy will operate as a waiver of the right or remedy, and no single or partial exercise by Franchisor of any right or remedy will preclude the further exercise of that or any other right or remedy. Upon Franchisor's receipt of notice of the death of any Owner, the estate of the deceased will be bound by the foregoing Undertaking and Guaranty, but only for defaults and obligations under the Franchise Agreement existing at the time of death, and in that event, the obligations of the Owners who survive such death will continue in full force and effect.

5. No modification, change, impairment, or suspension of any of Franchisor's rights or remedies shall in any way affect any of my obligations under this Undertaking and Guaranty. If the Franchisee has pledged other security or if one or more other persons have personally guaranteed performance of the Franchisee's obligations, I agree that Franchisor's release of such security will not affect my liability under this Undertaking and Guaranty.

6. I agree that any notices required to be delivered to me will be deemed delivered at the time delivered by hand; one Business Day after delivery by Express Mail or other recognized, reputable overnight courier; or three Business Days after placement in the United States Mail by Registered or Certified Mail, Return Receipt Requested, postage prepaid and addressed to the address identified on the signature line below. I may change this address only by delivering to Franchisor written notice of the change.

7. I understand that Franchisor's rights under this Undertaking and Guaranty shall be in addition to, and not in lieu of, any other rights or remedies available to Franchisor under applicable law;

8. I agree to be bound individually to all of the provisions of the Franchise Agreement including, without limitation, the litigation and dispute resolution provisions set forth in Article 23 and I irrevocably submit to the jurisdiction of the state and federal courts serving the judicial district in which Franchisor's principal headquarters are located at the time litigation is commenced. I hereby irrevocably submit to the exclusive jurisdiction of such courts and specifically waive any objection I may have to either the jurisdiction or exclusive venue of such courts.

9. **I WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, INVOLVING FRANCHISOR, WHICH ARISES OUT OF OR IS RELATED IN ANY WAY TO THE FRANCHISE AGREEMENT, THE PERFORMANCE OF ANY PARTY UNDER THE FRANCHISE AGREEMENT, AND/OR THE OFFER OR GRANT OF THE FRANCHISE**.

10. This Agreement shall be construed under the laws of the State of Texas. The only way this Agreement can be changed is in writing signed by Franchisor. Any capitalized terms contained in but not defined by this Guaranty and Personal Undertaking shall have the same meaning prescribed to that word in the Franchise Agreement.

11. Should this Agreement be signed or endorsed by more than one person or entity, all of the obligations herein contained shall be considered the joint and several obligations of each signatory.

[SIGNATURE PAGE FOLLOWS.]

IN WITNESS WHEREOF, the undersigned, intending to be legally bound, has executed this Undertaking and Guaranty to be effective on the day and year first written above.

OWNER

XP LEAGUE®
FRANCHISE AGREEMENT

ATTACHMENT E

CONFIDENTIALITY AND NON-COMPETITION AGREEMENT

In consideration of my being an Owner of _____ ("Franchisee") and by virtue of executing a XP League Franchise Agreement dated _____ ("Franchise Agreement") and this Confidentiality and Non-Competition Agreement (herein, "Agreement"), and other good and valuable consideration, the receipt and sufficiency of which is acknowledged, I hereby acknowledge and agree as follows:

1. Through the Franchise Agreement, Franchisee has acquired the right and franchise from XP League Franchise, LLC ("Franchisor") to establish and operate a XP League® franchise facility ("Franchised Business") and the right to use in the operation of the Franchised Business the Proprietary Marks and the System, as they may be changed, improved, and further developed from time-to-time in Franchisor's sole discretion.

2. Franchisor possesses certain proprietary and confidential information, knowledge, elements, and know-how which is utilized in the operation of the System, including, without limitation, the Manual, Proprietary Products, Intellectual Property Confidential Information and other techniques and know-how which concerns Franchisor's systems of operation, programs, services, products, customers, practices, materials, books, records, financial information, manuals, computer files, databases, or software, as further described in the Franchise Agreement.

3. In addition to the Confidential Information identified in the Franchise Agreement, any and all manuals, trade secrets, copyrighted materials, methods, information, knowledge, know-how, and techniques which Franchisor specifically designates as confidential shall be deemed to be Confidential Information for purposes of this Agreement.

4. I acknowledge that, in my position with the Franchisee, Franchisor and Franchisee have or will furnish me with valuable specialized training and will disclose Confidential Information to me in furnishing to me the training program and subsequent ongoing training and other general assistance during the term of this Agreement.

5. I will not acquire any interest in the Confidential Information, other than the right to utilize it in the operation of the Franchised Business during the term hereof, and I acknowledge that the use or duplication of the Confidential Information for any use outside the System would constitute an unfair method of competition.

6. The Confidential Information is proprietary, involves trade secrets of Franchisor, and is disclosed to me solely on the condition that I agree, and I do hereby agree, that I shall hold in strict confidence all Confidential Information and all other information designated by Franchisor as confidential. Unless Franchisor otherwise agrees in writing, I will not disclose and/or use the Confidential Information except in connection with the operation of the Franchised Business as an Owner of the Franchisee, and then only in strict compliance with the Manual and System and only to such employees having a need to know; I will not directly or indirectly imitate, duplicate, or "reverse engineer" any Confidential Information or any other information designated by Franchisor as confidential or aid any third party in such actions; and I will continue not to disclose and/or use any Confidential Information or any other information designated by Franchisor as confidential even after I cease to be in that position unless I can demonstrate that such information has become generally known or easily accessible other than by the breach of an obligation of Franchisee under the Franchise Agreement.

7. Except as otherwise approved in writing by Franchisor, I will not (either directly or indirectly, for myself or through, on behalf of, or in conjunction with any person, or legal entity) at any time while I am employed by or associated with the Franchisee, or at any time during the uninterrupted two (2)-year period (which will be tolled during any period of noncompliance) after I cease to be employed by or associated with the Franchisee (or the two (2)-year period after the expiration or earlier termination of the Franchise Agreement, whichever occurs first):

   (a) Divert or attempt to divert any present or prospective customer of any XP League business to any Competitive Business, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act that is harmful, injurious, or prejudicial to the goodwill associated with the Proprietary Marks and the System defined and described in the Franchise Agreement; or

   (b) Own, maintain, advise, operate, engage in, be employed by, make loans to, invest in, provide any assistance to, or have any direct or indirect interest in (as owner or otherwise) or relationship or association with, any Competitive Business other than XP League businesses pursuant to a then-currently effective Franchise Agreement with Franchisor. While I am employed by or associated with the Franchisee, this restriction shall apply to any location within the United States, its territories or commonwealths, and any other country, province, state, or geographic area in which Franchisor or its Affiliates have used, sought registration of, or registered the Proprietary Marks or similar marks, or have operated or licensed others to operate a business under the System or the Proprietary Marks or similar marks. After I cease to be employed by or associated with the Franchisee (or after the expiration or earlier termination of the Franchise Agreement, whichever occurs first), this restriction shall apply to any Competitive Business that either: (i) is or is intended to be located at the location of any current or former XP League business or within a 25-mile radius of any other XP League business in existence or under development at the time of such termination or transfer; or (ii) delivers services through the internet or mobile channels to customers within a 25-mile radius of the Approved Location of the Franchised Business.

   I acknowledge that for purposes of this Agreement, "Competitive Business," as used herein, means any business or facility (at a fixed location or on a mobile basis) owning, operating or managing or granting franchises or licenses to others to do so, any studio, school, store, business, service, event or facility that features or provides i) Esports league coaching, competitions, coach-led athletics and other resources, camps, and special events utilizing the Esports ecosystem to elementary and middle school aged children that are the same or similar to the Products and Services offered by XP League Divisions (other than a XP League Division under a franchise agreement with us), ii) a LAN center, or iii) any business offering video game tournaments or recreational or competitive game leagues. A Competitive Business also includes any business acting as an area representative, franchise broker, business broker, franchise seller, area representative or the like for any business franchising or licensing Competitive Businesses other than us.

8. I agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Agreement is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an un-appealed final decision to which Franchisor is a party, I expressly agree to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Agreement.

9. I understand and acknowledge that Franchisor shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in this Agreement, or any portion thereof, without my consent,

effective immediately upon receipt by me of written notice thereof, and I agree to comply forthwith with any covenant as so modified.

10. Franchisor is a third-party beneficiary of this Agreement and may enforce it, solely and/or jointly with the Franchisee. I am aware that my violation of this Agreement will cause Franchisor and the Franchisee irreparable harm; therefore, I acknowledge and agree that the Franchisee and/or Franchisor may apply for the issuance of an injunction preventing me from violating this Agreement, and I agree to pay the Franchisee and Franchisor all the costs it/they incur(s), including, without limitation, legal fees and expenses, if this Agreement is enforced against me. Due to the importance of this Agreement to the Franchisee and Franchisor, any claim I have against the Franchisee or Franchisor is a separate matter and does not entitle me to violate or justify any violation of this Agreement.

11. This Agreement shall be construed under the laws of the State of Texas. The only way this Agreement can be changed is in writing signed by both the Franchisee and me. Any capitalized terms contained in but not defined by this Confidentiality and Non-Competition Agreement shall have the same meaning prescribed to that word in the Franchise Agreement.

12. With respect to all claims, controversies and disputes, I irrevocably consent to personal jurisdiction and submit myself to the jurisdiction of the federal and state courts serving the judicial district in which Franchisor's principal headquarters are located at the time litigation is commenced. I hereby irrevocably submit to the exclusive jurisdiction of such courts and specifically waive any objection I may have to either the jurisdiction or exclusive venue of such courts. Further, I acknowledge that this Agreement has been entered into in the state of Texas, and that I am to receive valuable information emanating from Franchisor's headquarters in Bedford, Texas. In recognition of the information and its origin, I hereby irrevocably consent to the personal jurisdiction of the state and federal courts of Texas. Notwithstanding the foregoing, I acknowledge and agree that Franchisor may bring and maintain an action against me in any court of competent jurisdiction for injunctive or other extraordinary relief against threatened conduct that will cause it loss or damages, under the usual equity rules, including the applicable rules for obtaining restraining orders and preliminary and permanent injunctions.

13. **I WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, INVOLVING FRANCHISOR, WHICH ARISES OUT OF OR IS RELATED IN ANY WAY TO THIS AGREEMENT, THE FRANCHISE AGREEMENT, THE PERFORMANCE OF ANY PARTY UNDER THE FRANCHISE AGREEMENT, AND/OR THE OFFER OR GRANT OF THE FRANCHISE**.

14. Should this Agreement be signed or endorsed by more than one person or entity, all of the obligations herein contained shall be considered the joint and several obligations of each signatory.

[SIGNATURE PAGE FOLLOWS.]

IN WITNESS WHEREOF, the undersigned, intending to be legally bound, have executed this Confidentiality and Non-Competition Agreement to be effective on the day and year first written above.

_____	_____
_____	_____
_____	_____

ACKNOWLEDGED BY FRANCHISEE:

_____,
a limited liability company

By: _____
, its Member

XP LEAGUE®
FRANCHISE AGREEMENT

ATTACHMENT F

TELEPHONE NUMBERS ASSIGNMENT AGREEMENT

This Telephone Numbers Assignment Agreement is made on _____, by and between _____ ("Assignor") and XP League Franchise, LLC or its designee ("Assignee").

BACKGROUND

A. The Assignee has developed and owns the proprietary system ("System") for the operation of a facility under the trademark and logo XP League® ("Franchised Business");

B. The Assignor has been granted a license to operate a Franchised Business pursuant to a Franchise Agreement dated _____, in accordance with the System;

C. To operate its Franchised Business, the Assignor shall be acquiring one or more telephone numbers, telephone listings and telephone directory advertisements; and

D. As a condition to the execution of the Franchise Agreement, the Assignee has required that the Assignor assign all of its right, title and interest in its telephone numbers, telephone listings and telephone directory advertisements to the Assignee in the event of a termination of the Franchise Agreement.

AGREEMENT

In consideration of the foregoing, the mutual premises herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound, hereby agree as follows:

1. Assignment. In the event of termination of the Franchise Agreement, and in order to secure continuity and stability of the operation of the System, the Assignor hereby sells, assigns, transfers and conveys to the Assignee all of its rights, title and interest in and to certain telephone numbers, telephone listings and telephone directory advertisements pursuant to which Assignor shall operate its Franchised Business in accordance with the terms of the Franchise Agreement; provided, however, such Assignment shall not be effective unless and until the Franchise Agreement is terminated in accordance with the provisions thereof.

2. Representation and Warranties of the Assignor. The Assignor hereby represents, warrants and covenants to the Assignee that:

   (a) As of the effective date of the Assignment, all of the Assignor's obligations and indebtedness for telephone, telephone listing services and telephone directory advertisement services shall be paid and current;

   (b) As of the date hereof, the Assignor has full power and legal right to enter into, execute, deliver and perform this Agreement;

   (c) This Agreement is a legal and binding obligation of the Assignor, enforceable in accordance with the terms hereof;

   (d) The execution, delivery and performance of this Assignment does not conflict with, violate, breach or constitute a default under any contract, agreement or instrument to which the Assignor is a party or by which the Assignor is bound, and no consent of nor approval by any third party is required in connection herewith; and

(e) The Assignor has the specific power to assign and transfer its right, title and interest in its telephone numbers, telephone listings and telephone directory advertisements, and the Assignor has obtained all necessary consents to this Assignment.

3. Miscellaneous. The validity, construction and performance of this Assignment shall be governed by the laws of the State of Texas. All agreements, covenants, representations, and warranties made herein shall survive the execution hereof. All rights of the Assignee shall inure to its benefit and to the benefit of its successors and assigns.

IN WITNESS WHEREOF, the undersigned, intending to be legally bound, have executed this Telephone Numbers Assignment Agreement to be effective on the day and year first written above.

ASSIGNEE:	**ASSIGNOR:**
XP LEAGUE FRANCHISE, LLC, a Delaware limited liability company	_____, a limited liability company
By: _____ Carisa Findley, its President	By: _____ , its Member

XP LEAGUE®
FRANCHISE AGREEMENT

ATTACHMENT G

LEASE RIDER

THIS AGREEMENT is made and entered into on _____, 20___, by and among XP League Franchise, LLC, having its principal offices at 2350 Airport Freeway, Suite 505, Bedford, Texas, 76022 ("Franchisor"), , having its principal offices at ("Landlord"), and _____, having its principal offices at ("Tenant").

BACKGROUND

A. Landlord and Tenant have executed a lease agreement dated _____ ("Lease") for the premises located at ("Leased Premises") for use by Tenant as a business to be opened pursuant to Franchisor's proprietary marks and system in connection with a Franchise Agreement dated _____ by and between Franchisor and Tenant ("Franchise Agreement");

B. A condition to the approval of Tenant's specific location by Franchisor is that the Lease for the Leased Premises specify that the Leased Premises may be used only for the operation of a XP League franchise facility ("Franchised Business") and contain the agreements set forth herein;

C. Landlord acknowledges that Franchisor requires the modifications to the Lease set forth herein as a condition to its approving the Leased Premises as a site for the Franchised Business, and that Landlord agrees to modify and amend the Lease in accordance with the terms and conditions contained herein; and

D. All rights, title and interest in and to the Lease must be assigned to Franchisor, at Franchisor's option, upon the termination of the Franchise Agreement;

AGREEMENT

In consideration of the mutual undertakings and commitments set forth herein, the receipt and sufficiency of which are hereby acknowledged, agree as follows:

1. Use Clause. The Leased Premises shall be used for the operation of a XP League Franchised Business and identified by the mark "XP League" or such other name as may be specified by Franchisor or its affiliates. A portion, in any case less than 25%, of the Leased Premises, may also be used for operation of businesses associated with Unleashed Brands, LLC, which shall not be the primary use of the Leased Premises and which additional use shall not violate any use restrictions that exist with respect to the Leased Premises as of the effective date of the Lease. Landlord acknowledges that such use shall not violate any then-existing exclusive rights granted to any existing tenant of Landlord. Landlord consents to Tenant's use of Franchisor's marks and signs, décor items, color schemes and related components of Franchisor's proprietary system. Landlord further acknowledges that during the term of this Lease or any extension thereof, Landlord will not lease space to another business, studio, school, store, business, service, or facility (on a fixed location or mobile basis) owning, operating or managing or granting franchises or licenses to others to do so, that features or provides i) Esports league coaching, competitions, coach-led athletics and other resources, camps, and special events utilizing the Esports ecosystem to elementary and middle school aged children that are the same or similar to the Products and Services offered by XP League Divisions (other than a XP League Division under a franchise agreement with us), ii) a LAN center, or iii) any business offering video game tournaments or recreational or competitive game leagues

2. Termination of the Franchise Agreement. If the Franchise Agreement between Franchisor and Tenant is terminated for any reason during the term of the Lease or any extension thereof, Tenant,

upon the written request of Franchisor, shall assign to Franchisor or any affiliate designated by Franchisor (collectively hereinafter referred to as "Franchisor Assignee") all of its rights, title and interest in and to the Lease, and Franchisor Assignee may agree to assume from the date of assignment all of Tenant's obligations remaining under the Lease, and may assume Tenant's occupancy rights, and the right to sublease the premises, for the remainder of the term of the Lease. If Franchisor Assignee elects to accept the assignment of the Lease from Tenant, it shall give Tenant and Landlord written notice of its election to acquire the leasehold interest. Landlord hereby consents to the assignment of the Lease from Tenant to Franchisor Assignee and shall not charge any fee or accelerate rent under the Lease. Alternatively, in the event of a termination of the Franchise Agreement, Franchisor Assignee may elect to enter into a new lease with Landlord containing terms and conditions no less favorable than the Lease. Upon Landlord's receipt of written notice from Franchisor Assignee advising Landlord that Franchisor Assignee elects to enter into a new lease, Landlord shall execute and deliver such new lease to Franchisor Assignee for its acceptance. Landlord and Tenant shall deliver possession of the Leased Premises to Franchisor Assignee, free and clear of all rights of Tenant or third parties, subject to Franchisor Assignee executing an acceptance of the assignment of Lease or new lease, as the case may be.

3. Tenant's Agreement to Vacate Leased Premises. Tenant agrees to peaceably and promptly vacate the Leased Premises and, subject to Franchisor's right to acquire any such property pursuant to its Franchise Agreement with Tenant, to remove its personal property therefrom upon the termination of the Franchise Agreement. Any property not removed or otherwise disposed of by Tenant shall be deemed abandoned.

4. Delivery of Possession. If Landlord may not legally obtain possession of the Leased Premises or if Tenant is in default and Landlord is unable to deliver the Leased Premises to Franchisor Assignee within six (6) months from the date Franchisor Assignee notifies Landlord of its election to continue the use of the Leased Premises, then Franchisor Assignee shall have the right at any time thereafter to rescind its election to acquire a leasehold interest in the Leased Premises and to terminate the Lease or any new lease between it and Landlord for the Leased Premises, and Landlord shall release Franchisor Assignee from all of its obligations under the Lease or any new lease.

5. Entry. Franchisor may enter the Leased Premises without the consent of Landlord or Tenant to make any modification necessary to protect Franchisor's proprietary system or marks or to cure any default under the Franchise Agreement or under the Lease, without being guilty of trespass or any other crime or tort.

6. Amendment of Lease. Landlord and Tenant agree not to amend the Lease in any respect, except with the prior written consent of Franchisor.

7. Franchisor Not a Guarantor. Landlord acknowledges and agrees that notwithstanding any terms or conditions contained in this Agreement or any other agreement, Franchisor shall in no way be construed as a guarantor or surety of Tenant's obligations under the Lease. Notwithstanding the foregoing, in the event Franchisor becomes the tenant by assignment of the Lease in accordance with the terms hereof or enters into a new lease with Landlord, then Franchisor shall be liable for all obligations of Tenant on its part to be performed or observed under the Lease or a new lease.

8. Document to Govern. The terms and conditions contained herein modify and supplement the Lease. Whenever any inconsistency or conflict exists between this Agreement and the Lease, the terms of this Agreement shall prevail.

9. Waiver. Failure of Franchisor to enforce or exercise any of its rights hereunder shall not constitute a waiver of the rights hereunder or a waiver of any subsequent enforcement or exercise of its rights hereunder.

10. Amendment of Agreement. This Agreement may be amended only in writing signed by all parties hereto.

11. Notices. Landlord shall mail to Franchisor copies of any letters and notices it gives to Tenant related to the Lease or the Leased Premises concurrently with giving such letters and notices to Tenant. If Tenant fails to cure any default within the period provided in the Lease, if any, Landlord shall give Franchisor immediate written notice of such failure to cure. All notices shall be delivered by certified mail at the addresses designated in the heading of this Agreement or to such other addresses as the parties hereto may, by written notice, designate.

12. Binding Effect. This Agreement shall be binding upon the parties hereto, their heirs, executors, successors, assigns and legal representatives.

13. Severability. If any provision of this Agreement or any part thereof is declared invalid by any court of competent jurisdiction, such act shall not affect the validity of this Agreement and the remainder of this Agreement shall remain in full force and effect according to the terms of the remaining provisions or part of provisions hereof.

14. Remedies. The rights and remedies created herein shall be deemed cumulative and no one such right or remedy shall be exclusive at law or in equity of the rights and remedies which Franchisor may have under this or any other agreement to which Franchisor and Tenant are parties.

15. Attorneys' Fees. If any of the parties to this Agreement commences a legal action against another party arising out of or in connection with this Agreement, the prevailing party shall be entitled to have and recover from the other party its reasonable attorneys' fees and costs of suit; the term "prevailing party" means a party that is awarded actual relief in the form of damages, declaratory relief, or injunctive relief, as well as a party that successfully defends a legal action commenced against it.

16. Applicable Law. This Agreement shall be governed by and construed in accordance with the laws of the state in which the leased premises are located.

17. Certain Acknowledgments. Landlord and Tenant acknowledge and agree that all interior and exterior signage and related items (collectively, the "Leased/Licensed Assets") are the sole property of Franchisor. Tenant shall have no rights to pledge in any manner the Leased/Licensed Assets and Landlord shall have no rights to place any liens on or make any claims to the Leased/Licensed Assets.

[SIGNATURE PAGE FOLLOWS.]

IN WITNESS WHEREOF, the undersigned, intending to be legally bound, have executed this Lease Rider to be effective on the day and year first written above.

FRANCHISOR:

XP LEAGUE FRANCHISE, LLC,
a Delaware limited liability company

By: _____
Carisa Findley, its President

LANDLORD:

_____
a _____, _____

By: _____
_____ (name)
_____ (title)

TENANT:

_____,
a limited liability company

By: _____
, its Member

XP LEAGUE®
FRANCHISE AGREEMENT

ATTACHMENT H

ACH AUTHORIZATION AGREEMENT
(VER. 08052021)

By executing below, the undersigned Franchisee authorizes XP League Franchise, LLC ("Franchisor") to credit or debit the account identified below to pay all fees, charges, and any other amounts Franchisee owes Franchisor or its parents, affiliates, or subsidiaries pursuant to the applicable Franchise Agreement, as amended, and any other agreements entered into between Franchisor and Franchisee, including, but not limited to, reimbursable or pass through expenses, the cost of any products or services Franchisee purchases from Franchisor, and, if necessary, to initiate adjustments for any transactions debited or credited in error. These debits and credits are related to the operation of the franchised business and the amount of each debit or credit will vary from month-to-month. This authorization will remain in full force and effect until Franchisor has received written notification from Franchisee of its termination in such time and in such manner as to afford Franchisor a reasonable opportunity to act on it. Termination of this authorization may result in your Franchise Agreement being terminated unless an alternate means of payment acceptable to Franchisor is provided.

Terms of Billing:

Starting immediately and continuing thereafter until your Franchise Agreement has expired or been terminated or alternate means of payment are approved by Franchisor, Franchisee authorizes Franchisor to initiate either an electronic debit or credit or to create and process a demand draft against my bank account listed below on or about the 15th day of each month for those sums authorized herein.

Franchisee's Bank Name: _____

Bank ABA Number (Routing Number): _____

Bank Account Number: _____

Bank Account Type (Checking/Savings): _____

Franchisee Federal Tax ID Number: _____

Territory Name: _____

Franchisee (Insert legal name): _____

By: _____

Printed Name:

Title: Member

Date: _____

XP LEAGUE®
FRANCHISE AGREEMENT

ATTACHMENT I

DASHBOARD ACCESS AGREEMENT

This Dashboard Access Agreement ("Agreement") is entered into by Franchisor and Franchisee on the last date of execution below and amends the terms of the franchise agreement entered into by the parties ("Franchise Agreement"). Capitalized terms not defined herein have the meaning ascribed in the Franchise Agreement.

WHEREAS, Franchisor created an online dashboard through Microsoft's Power BI to provide XP League franchisees access to certain data, including, but not limited to, sales, operating expenses, membership sales and data, net promoter score, labor costs, and such other information as identified by Franchisor ("Data"); and

WHEREAS, by checking one of the two boxes below, Franchisee is indicating its desire to acquire an optional, license for Power BI through Franchisor, view the Data provided by Franchisee and others, and share its Data on Power BI such that it is visible to other XP League franchisees.

In light of the foregoing recitals and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. LICENSE. Franchisee acknowledges its desire to purchase _____ (insert number of licenses to be purchased) twelve-month Power BI license(s) and agrees to reimburse Franchisor the License Fee (as defined below) charged by Microsoft for each Power BI license purchased. The "License Fee" shall equal $10.00 per month per license plus applicable taxes, as such fee may be increased by Microsoft from time-to-time. Franchisor acknowledges the License Fee does not include any markup or rebate. Franchisee agrees Franchisor may bill the License Fee through the monthly royalty invoice and collect the License Fee pursuant to Franchisee's ACH Authorization on file. If there is no ACH Authorization on file, then Franchisee shall remit payment to Franchisor by the deadline by which royalties are due Franchisor under the Franchise Agreement. Time is of the essence in the performance of the payment obligations hereunder, and violations of this Agreement constitute a violation under the Franchise Agreement. Access to Power BI is subject to all restrictions set forth in the Operations Manual and Microsoft's terms, conditions, and license agreement available at https://powerbi.microsoft.com/en-us/windows-license-terms, which is incorporated herein. Please check one of the two boxes below indicating your desire to acquire a Microsoft Power BI license and to the sharing of data as set forth in section 2 below.

2. SHARING OF AND ACCESS TO DATA. Franchisee acknowledges (a) if Franchisee elects to opt in, Franchisor may share Franchisee's Data with other XP League franchisees through the Power BI platform and such other platforms as identified by Franchisor and (b) if Franchisee elects to opt out, such Franchisee's Data will be anonymous on the Power BI platform. Franchisor makes no warranty or representation the Data will be representative of all XP League franchisees. Further, Franchisee acknowledges and agrees it will access and use the Data solely with its efforts to improve the operation of its franchised business pursuant to the Franchise Agreement, and such Data is not provided in connection with the offer or sale of a franchise.

3. CONFIDENTIALITY. Franchisee agrees all Data Franchisor makes available to Franchisee through Power BI is Confidential Information as defined in the Franchise Agreement, and subject to confidentiality obligations and restrictive covenants set forth therein.

4. MISCELLANEOUS TERMS. This Agreement reflects the entire understanding of the parties regarding the subject matter hereof, may only be modified in writing, and supersedes any inconsistent or conflicting provisions of the Franchise Agreement. The remaining terms of the Franchise Agreement are

unaffected by this Agreement and remain binding on the parties. The parties sign and deliver this Agreement to each other as shown below.

☐ **OPT IN**: By selecting this box you are electing to receive a Microsoft Power BI license and the sharing of data as provided in section 2 above.

☐ **OPT OUT**: By selecting this box you are declining to receive a Microsoft Power BI license and to share your data anonymously as provided herein.

FRANCHISOR:	**FRANCHISEE**:
XP LEAGUE FRANCHISE, LLC, a Delaware limited liability company	_____, a limited liability company
By: _____ Carisa Findley, its President	By: _____ , its Member

EXHIBIT D

TO THE XP LEAGUE

FRANCHISE DISCLOSURE DOCUMENT

DEVELOPMENT AGREEMENT AND ATTACHMENTS

XP LEAGUE FRANCHISE, LLC

DEVELOPMENT AGREEMENT

SUMMARY PAGE

EFFECTIVE DATE:

DEVELOPER:

ADDRESS FOR NOTICES:

TELEPHONE NUMBER:

E-MAIL ADDRESS:

FRANCHISOR:	XP League Franchise, LLC, a Delaware limited liability company
ADDRESS FOR NOTICE:	2350 Airport Freeway, Suite 505, Bedford, Texas, 76022
DEVELOPMENT AREA NAME:	
NUMBER OF UNITS TO BE DEVELOPED:	
DEVELOPMENT FEE:	$
TYPE OF UNITS TO BE DEVELOPED:	☐ XP League Center ☐ Affiliated Division

XP LEAGUE FRANCHISE, LLC

DEVELOPMENT AGREEMENT

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STATE SPECIFIC ADDENDA

ATTACHMENTS

Attachment A	Glossary of Additional Terms
Attachment B	Development Schedule and Development Area
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XP LEAGUE FRANCHISE, LLC

DEVELOPMENT AGREEMENT

THIS DEVELOPMENT AGREEMENT ("Agreement") is made and entered into as of the Effective Date reflected in the Summary Pages ("Effective Date"), by and between XP League Franchise, LLC, a Delaware limited liability company ("Franchisor"), and the Developer identified on the Summary Page ("you" or "Developer").

A. Franchisor and its Affiliates have, as the result of the expenditure of time, skill, effort, and money, developed a distinctive business system for the development and operation of XP League businesses using our System and Marks (defined below), which in a distinctive and innovative environment, focused on providing Esports league coaching, competitions, coach-led athletics and other resources, camps, and special events modeled after traditional youth sports leagues utilizing the Esports ecosystem to elementary and middle school aged children under the XP LEAGUE trademarks and system. In this Agreement, XP League businesses are referred to as "Divisions" or sometimes, when referring to the XP League Division governed by a Franchise Agreement, the "Franchised Business") under the name XP League ("Brand"), which are based on and include the Proprietary Products, Marks, Indicia, and Standards ("System").

B. The distinguishing characteristics of the System include, without limitation, certain services, products, and merchandise, which incorporate Franchisor's Marks, trade secrets, and proprietary information ("Proprietary Products"); distinctive exterior and interior design, decor, color scheme, graphics, fixtures, and furnishings ("Indicia"); standards and specifications for products and supplies; service standards; uniform standards, specifications, and procedures for operations; procedures for inventory and management control; training and assistance; and advertising and promotional programs ("Standards"); all of which may be changed, improved, and further developed by Franchisor from time-to-time.

C. The System is identified and recognized by means of certain trade names, service marks, trademarks, logos, emblems, and indicia of origin, including, but not limited, to the word mark "XP League," "XP League Division," and such other trade names, service marks, trademarks, logos, emblems, and indicia of origin as Franchisor may hereafter designate in writing for use regarding the System ("Marks").

D. Franchisor and its Affiliates continue to develop, establish, use, and control the use of the Proprietary Products, Marks, Indicia, Standards, and System to identify for the public the source of services and products marketed under this Agreement and under the System, and to represent the System's high standards of quality, appearance, and service.

E. For purposes of development of multiple units under this Agreement, Franchisor offers either XP League Center or an Affiliated Division. An "XP League Center" shall mean an XP League Division that is established and operated from a permanent, retail storefront and offering and providing services on-site on a full-time basis and regularly scheduled hours that Franchisor designates. An "Affiliated Division" shall mean an XP League Division that is established and operated within a designated area on the premises of an Affiliated Brand. An "Affiliated Brand" is a non-XP League franchise operated by affiliates owned or operated by Unleashed Brands, LLC.

F. You desire the right to develop multiple units under the System and Marks ("Units" or "Franchised Business") and Franchisor desires to grant you such rights, all pursuant to the terms and conditions of this Agreement.

NOW, THEREFORE, in consideration of the mutual premises contained in this Agreement, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. GRANT

1.1. Grant of Unit Development Rights

1.1.1. Franchisor hereby grants to you certain development rights, and you hereby accept the right and obligation to develop no less than the specified number and type (either and XP League Center or an Affiliated Division) of Units identified on the Summary Page in the Development Area identified in Attachment B within the timeframe set forth in the Development Schedule identified in Attachment B. Each Unit to be developed shall be developed and operated pursuant to a separate franchise agreement in accordance with Section 4.1. Further, only the type of Unit (either a Center or an Affiliated Division) to be developed as indicated on the Summary Page shall be developed pursuant to this Agreement.

1.1.2. This Agreement grants you no right or license to use any of the Marks; your right to operate a Unit and license to use the Marks derives solely from the Franchise Agreements that you will enter into under this Agreement.

1.1.3. The development rights granted under this Agreement belong solely to you: you may not share them, divide them, subfranchise, or sublicense them, or transfer them, except in accordance with the transfer provisions of this Agreement.

1.1.4. You may only develop an XP League Center or Affiliated Division as specified on the Summary page. For purposes of clarity, you may not develop XP League Centers if Franchisor has only authorized you to develop Affiliated Divisions, and vice versa, in the Development Area.

1.2. Development Area Protection. During the term of this Agreement, Franchisor shall not own or operate, or grant anyone else the right to operate, a XP League Division within the Development Area.

1.3. Franchisor's Reserved Rights. Notwithstanding anything to the contrary, Franchisor retains the following rights, among others, on any terms and conditions Franchisor deems advisable, and without granting Developer any rights therein:

(a) To own, acquire, establish, and/or operate and license others to establish and operate, XP League Units under the System at any location outside the Development Area notwithstanding their proximity to the Development Area or their actual or threatened impact on sales or development of any of the Developer's Units;

(b) To own, acquire, establish and/or operate, and license others to establish and operate, businesses under proprietary marks other than the Marks, whether such businesses are similar or different from XP League Divisions, at any location within or outside the Development Area, notwithstanding their proximity to the Development Area or their actual or threatened impact on sales or development of any of the Developer's Units. Nothing in this Agreement prohibits or restricts Franchisor from owning, acquiring, establishing, operating, or granting franchise rights for one or more other businesses under a different trademark or service mark (i.e., a mark other than the Marks), whether or not the business is the same as or competitive with XP League;

(c) To sell and to distribute, directly or indirectly, or to license others to sell and to distribute, directly or indirectly, any products through wholesalers, distributors, catalogs, mail order, toll free numbers for delivery, or electronic means (*e.g.*, the Internet), including products bearing Franchisor's Marks; and

(d) To (i) acquire one or more retail businesses that are the same as, or similar to, XP League then operating under the System (each an "Acquired Business"), which may be at any location within or outside the Development Area notwithstanding their proximity to the

Development Area or their actual or threatened impact on sales or development of any of Developer's Units, and to (ii) operate and/or license others to operate any Acquired Business under its existing name or as a XP League under the System, subject to the following conditions that apply to each Acquired Business located within the Development Area:

i. Provided that Developer is in compliance with this Agreement and any other agreement with Franchisor, Franchisor may, in its sole discretion, offer to Developer the option to purchase and operate, as a XP League, an Acquired Business that is purchased by Franchisor for operation by Franchisor or its affiliates. If Franchisor in its sole discretion offers to Developer such an option, Franchisor shall provide Developer with written notice of Franchisor's purchase of the Acquired Business(es), the terms and conditions applicable to the Developer's option to purchase such Acquired Business(es), and such other information that Franchisor deems necessary to include in the notice. The terms and conditions offered to Developer shall include, without limitation, the following: (a) the purchase price which shall be determined by Franchisor in its sole discretion; and (b) the requirement that Developer enter into Franchisor's then-current form of franchise agreement for the Acquired Business, provided that Developer shall not be required to pay an initial franchise fee for an Acquired Business.

ii. If Developer does not elect to purchase, or fails to complete the purchase of, an Acquired Business, Franchisor shall retain its right to operate itself, or through its affiliates or third-party licensees or franchisees, the Acquired Business under any trade name or trademarks including the Marks. If an Acquired Business is part of a system of retail businesses that Franchisor acquires (an "**Acquired System**"), franchised or otherwise, Franchisor may also license or franchise to third parties under the Acquired System additional units of the Acquired System so that such third parties have the right to develop and operate within the Development Area.

1.4. No Rights to Use the System. This Agreement is not a franchise agreement and does not grant to Developer any right to use the Marks or the System or to sell or distribute any products or services. Developer's rights to use the Marks and System will be granted solely under the terms of the Franchise Agreement.

2. TERM OF DEVELOPMENT AGREEMENT

2.1. Term. Unless sooner terminated, the term ("Term") of this Agreement begins on the Effective Date and, unless otherwise negotiated, terminated, or extended as provided in this Agreement, expires on the date on which you have completed your development obligations under this Agreement pursuant to Attachment B.

2.2. Effect of Termination or Expiration. Upon termination or expiration of this Agreement, all territorial protection afforded under this Agreement ends (particularly under Section 1.2. above), and you have no further right to develop any Units for which a Franchise Agreement has not been signed. Termination or expiration of this Agreement does not affect any rights or obligations under any then-existing Franchise Agreements. For purposes of clarity, upon expiration or termination, Developer shall no longer have any rights to the Development Area other than the Protected Areas defined in each Unit's then-existing Franchise Agreement. This Agreement cannot be renewed upon termination or expiration.

3. FEES

3.1. Development Fee. Upon execution of this Agreement, you shall pay to Franchisor a Development Fee in the amount set forth on the Summary Page ("Development Fee") pursuant to the Development Fee Schedule below. The Development Fee is fully earned by Franchisor when paid and is not refundable, in whole or in part, under any circumstances.

Number of Divisions	Development Fee For Each	Total Development Fee
1	$35,000	$35,000
2	$32,000	$67,000
3	$23,000	$90,000

On a very limited basis and only if Developer meets Franchisor's then-current requirements for Developers who may develop more than three units pursuant to this Agreement, for 36 months of the Effective Date, any additional Units shall be developed for an additional fee of $23,000. Upon the 37th month of the Effective Date, Developer shall pay the then-current initial franchise fee or development fee for purchase of any additional Units.

3.2. Credit Towards Franchise Fee. If the Developer has paid the respective Development Fee, Developer will not pay any additional initial franchise fees ("Franchise Fee") for any of the Units to be developed under this Agreement.

4. DEVELOPMENT SCHEDULE AND MANNER FOR EXERCISING DEVELOPMENT RIGHTS

4.1. Separate Franchise Agreements. The Franchise Agreements for the first Unit to be developed under this Agreement is the form attached to the current franchise disclosure document, and shall be executed at the same time as this Agreement. The Franchise Agreement for the second and each additional Unit to be developed is the form of Franchisor's then-current Franchise Agreement, the terms of which may be materially different from the terms of the first franchise agreement. At the time you are ready to develop your second and each subsequent Unit, you will be disclosed with the then-current XP League franchise disclosure document with the then-current form of franchise agreement. Each Unit developed hereunder shall be at a specific location, which shall be designated in the respective franchise agreement that is within the Development Area.

4.2. Time is of the Essence. Recognizing that time is of the essence, Developer shall comply strictly with the Development Schedule. Developer acknowledges and agrees that the Development Schedule requires that Developer have executed and delivered to Franchisor Franchise Agreements for a cumulative number of Franchised Business by the end of the time periods specified in Attachment B.

4.3. Manner for Exercising Development Rights.

4.3.1. Before exercising any development right granted hereunder, you shall apply to Franchisor for a franchise to operate a Unit. If Franchisor, in its sole discretion, determines that you have met each of the following operational, financial, and legal conditions, then Franchisor will grant you a franchise for each respective Unit:

(a) Operational Conditions: You are in compliance with the Development Schedule and this Agreement, and you or your Affiliates are in compliance with any other agreement between them and Franchisor or its Affiliates, including any other franchise agreement executed with Franchisor. You are conducting the operation of your existing Units, if any, and are capable of conducting the operation of the proposed Unit in accordance with the terms and conditions of this Agreement, the respective Franchise Agreements, and the standards, specifications, and procedures set forth and described in the Manuals (defined in the Franchise Agreement).

(b) Financial Conditions: You and your Owners satisfy Franchisor's then-current financial criteria for developers and Owners of XP League Units. You and your Owners have been and are faithfully performing all terms and conditions under each of the existing Franchise Agreements with Franchisor. You are not in default, and have not been in default during the 12-month period immediately preceding your request for financial approval, of any monetary obligations owed to Franchisor or its Affiliates under any Franchise Agreement or any other agreement between you or your Affiliates and Franchisor or its Affiliates.

You acknowledge and agree that it is vital to Franchisor's interest that each of its franchisees must be financially sound to avoid failure of a restaurant and that such failure would adversely affect the reputation and good name of XP League and the System.

(c) Legal Conditions: You have submitted to Franchisor, in a timely manner, all information and documents requested by Franchisor as a basis for the issuance of individual franchises or pursuant to any right granted to you by this Agreement or by any Franchise Agreement. This includes, but is not limited to, certificates of formation or articles of incorporation (or its equivalent), EIN information, company or operation agreement (or its equivalent), contact information for all Owners, and any other information Franchisor may reasonably require from time to time.

4.3.2. Identifying and Securing Sites. Developer shall be solely responsible for identifying, submitting for Franchisor's approval, and securing specific sites for each Unit. The following terms and conditions shall apply to each Unit to be developed hereunder:

(a) Developer shall submit to Franchisor, in a form specified by Franchisor, a completed Site Application, as the term is defined in the corresponding franchise agreement. The parties shall comply with the site selection process in the corresponding franchise agreement or Franchisor's operations manual. No site shall be deemed approved unless it has been expressly approved in writing by Franchisor.

(b) Following Franchisor's approval of a proposed site, Developer shall use its best efforts to secure access to and use of such site. Developer shall secure a minimum of the remaining term of the respective franchise agreement executed for the Unit to be located at such site. Developer shall immediately notify Franchisor of the execution of a lease or other agreement granting it access to and use of the site (which was pre-approved by Franchisor as required by Section 3.3). The site approved and secured pursuant to this Agreement shall be specified as the "Approved Location" (or equivalent) under the franchise agreement executed pursuant Section 4.3.3. below.

(c) Developer hereby acknowledges and agrees that approval by Franchisor of a site does not constitute an assurance, representation, or warranty of any kind, express or implied, as to the suitability of the site for the Unit or for any other purpose. Approval by Franchisor of the site indicates only that Franchisor believes the site complies with acceptable minimum criteria established by Franchisor solely for its purposes as of the time of the evaluation. Both Developer and Franchisor acknowledge that application of criteria that have been effective with respect to other sites and premises may not be predictive of potential for all sites and that, subsequent to approval by Franchisor of a site, demographic and/or economic factors, such as competition from other similar businesses, included in or excluded from criteria used by Franchisor could change, thereby altering the potential of a site. Such factors are unpredictable and are beyond the control of Franchisor. Franchisor shall not be responsible for the failure of a site approved by Franchisor to meet Developer's expectations as to revenue or operational criteria.

4.3.3. Lease or Agreement Terms. For each Unit to be developed hereunder, if Developer will sign a lease or other agreement granting it access to and use of a space(s) in which to operate the Unit. Developer shall comply with the respective provisions within the Unit's franchise agreement.

4.4. Development Schedule. Acknowledging that time is of the essence, you agree to exercise your development rights according to Section 4.3. and the Development Schedule reflected Attachment B. You may, subject to the terms and conditions of this Agreement and with Franchisor's prior written consent, which may be withheld in its sole discretion, develop Units early, *i.e.*, more than the total minimum number of Units which you are required to develop during any applicable Development Period. Any Unit developed in excess of the minimum number of Units required to be developed during the applicable Development Period shall be applied to satisfy your development obligation during the next succeeding Development Period, if any. You shall not open or operate more than the cumulative total number of Units you are obligated to develop under the Development Schedule.

4.4.1. If during the term of this Agreement, you cease to operate any Unit developed under this Agreement for any reason, you must develop a replacement Unit. The replacement Unit shall be developed within a reasonable time (not to exceed 120 days) after you cease to operate the original Unit. If you desire to open the replacement Unit in an area outside of the original Protected Area of original Unit, you must obtain Franchisor's written consent before relocating. If, during the term of this Agreement, you transfer your interest in a Unit in accordance with the terms of the applicable Franchise Agreement for the Unit, the transferred Unit will continue to be counted in determining whether you have complied with the Development Schedule so long as it continues to be operated as a XP League Unit. If the transferred Unit ceases to be operated as a XP League Unit during the term of this Agreement, you shall develop a replacement Unit within a reasonable time (not to exceed 120 days) thereafter.

4.4.2. Your failure to adhere to the Development Schedule (including any extensions thereof, approved by Franchisor in writing) or to any time period for the development of replacement Units is a material default of this Agreement for which Franchisor may terminate this Development Agreement, in its sole discretion, in addition to any other remedies available to it under law. Franchisor, in its discretion, may elect, in lieu of terminating this Agreement, to use other remedial measures for Developer's breach of this Agreement, which include, but are not limited to: **(a)** loss of the limited exclusivity, or reduction in the scope of protections, granted to Developer under Article 1 herein for the Development Area; **(b)** reduction in the scope of the Development Area; or **(c)** reduction in the number of Units to be developed under the Development Schedule. If Franchisor exercises said right, Franchisor shall not have waived its right to, in the case of future defaults, exercise all other rights and invoke all other provisions that are provided in law and/or set out under this Agreement, including immediate termination of this Agreement.

4.4.3. You acknowledge and agree that you have conducted an independent investigation of the business contemplated under this Agreement, that you fully understand your obligations under this Agreement, and that you recognize and assume all associated risks. In addition, you acknowledge that Franchisor makes no representation: **(a)** that your Development Area contains a sufficient number of acceptable locations to meet the number of Units to be developed under the Development Schedule; or **(b)** that your Development Area is sufficient to economically support the number of Units to be developed under the Development Schedule. You acknowledge that you have performed all related and necessary due diligence before your execution of this Agreement and that, accordingly, you assume the risk of identifying a sufficient number of acceptable locations within the Development Area and the economic risk of developing the number of Units set forth in Attachment B.

4.5. Projected Opening Dates. You must open each Unit by the projected opening date in Attachment B (the "Projected Opening Date") You acknowledge that the Projected Opening Date for each Unit to be developed hereunder is reasonable. Subject to your compliance with Section 4.3., hereof, you shall execute a Franchise Agreement for each Unit at or prior to the applicable lease execution date set forth in Attachment B, which shall be a date no later than six months prior to the Projected Opening Date for the applicable Unit.

4.5.1. No sooner than 30 days prior to the respective the "Franchise Agreement Execution Date" identified in Attachment B, you shall request a Franchise Agreement for each Unit to be developed during the Development Period.

4.5.2. Upon receiving your request, Franchisor shall deliver to you its then-current form of its XP League franchise disclosure document and execution copies of its then-current form of Franchise Agreement.

4.5.3. No later than the Franchise Agreement Execution Date identified in the Development Schedule (but in no sooner than as permitted by law), you shall sign and return a signed copy of the Franchise Agreement due thereunder.

4.5.4. Franchisor shall approve and countersign the Franchise Agreement if:

(a) You are in compliance with this Agreement and all other agreements between you or your Affiliates and Franchisor including, without limitation, all Franchise Agreements signed under this Agreement. If this condition is not met, Franchisor may require you to cure any deficiencies before it approves and countersigns the Franchise Agreement.

(b) You have demonstrated to Franchisor, in Franchisor's sole discretion, your financial and other capacity to perform the obligations set forth in the proposed new Franchise Agreement.

(c) You, your Owners, each of your Affiliates, and their Owners who have a then-currently effective Franchise Agreement or Development Agreement with Franchisor has signed a general release, in a form prescribed by Franchisor, of any and all claims that the party has, had, or claims to have against Franchisor and/or its Affiliates and their respective officers, directors, agents and employees, whether the claims are known or unknown, arising out of or relating to this Agreement, any Franchise Agreement, the relationship created by this Agreement or any Franchise Agreement, and the offer and sale of the XP League franchise opportunity.

5. DUTIES OF THE PARTIES

5.1 Franchisor's Assistance. Franchisor shall furnish to Developer the following:

5.1.1. Site selection guidelines, including Franchisor's minimum standards for XP League sites and sources regarding demographic information, and such site selection counseling and assistance as Franchisor may deem advisable.

5.1.2. Such on site evaluation as Franchisor deems advisable in its sole discretion in response to Developer's request for site approval for each proposed site; provided, however, that Franchisor shall not provide on site evaluation for any proposed site prior to the receipt of a site application for such site prepared by Developer.

5.2 Designated Manager. If Developer is other than an individual, Developer shall designate, subject to Franchisor's reasonable approval, one Owner, as identified in Attachment C, who is both an individual person and owns more than a ten percent (10%) of Developer, and who shall be responsible for general oversight and management of the development of the Franchised Business under this Agreement pursuant to the Development Schedule (the "Designated Manager**").** Once open, the Developer or Designated Manager may appoint a Designated Manager, pursuant to the respective Franchise Agreement, to operate the Unit. Developer acknowledges and agrees that Franchisor shall have the right to rely upon the Designated Manager to have been given, by Developer, the responsibility and decision-making authority regarding the Developer's business and operation. In the event the person designated as the Designated Manager becomes incapacitated, leaves the employ of Developer, transfers his/her interest in Developer, or otherwise ceases to supervise the development of the Franchised Business, Developer shall promptly designate a new Designated Manager, subject to Franchisor's reasonable approval.

5.3 Records and Reports to Franchisor. Developer shall, at its expense, comply with the following requirements to prepare and submit to Franchisor upon request the following reports, financial statements and other data, which shall be prepared in the form and using the standard statements and chart of accounts as Franchisor may prescribe from time to time:

5.3.1. No later than the twentieth (20^{th}) day of each calendar month, Developer shall have prepared a profit and loss statement reflecting all of Developer's operations during the last preceding calendar month, for each Franchised Business. Developer shall prepare profit and loss statements on an accrual basis and in accordance with generally accepted accounting principles. Developer shall submit such statements to Franchisor at such times as Franchisor may designate or as Franchisor may otherwise request;

5.3.2. On April 15^{th} of the year following the end of Developer's fiscal year, a complete annual financial statement (prepared according to generally accepted accounting principles), on a compilation

basis, and if required by Franchisor, such statements shall be prepared by an independent certified public accountant; and

5.3.3. Such other forms, reports, records, information, and data as Franchisor may reasonably designate.

5.4 Maintaining Records. Developer shall maintain during the term of this Agreement, and shall preserve for at least seven (7) years from the dates of their preparation, and shall make available to Franchisor at Franchisor's request and at Developer's expense, full, complete, and accurate books, records, and accounts in accordance with generally accepted accounting principles.

5.5. Compliance with Laws. Developer shall fully comply with all federal, state, and local laws, rules, and regulations when exercising its rights and fulfilling your obligations under this Agreement and any franchise agreement.

6. COVENANTS

6.1. Confidential Information. Developer shall at all times preserve in confidence any and all materials and information furnished or disclosed to Developer by Franchisor, and shall disclose such information or materials only to such of Developer's employees or agents who must have access to it in connection with their employment. Developer shall not at any time, during the term of this Agreement or thereafter, without Franchisor's prior written consent, copy, duplicate, record, or otherwise reproduce such materials or information, in whole or in part, nor otherwise make the same available to any unauthorized person.

6.2. During the Term. Developer specifically acknowledges that, pursuant to this Agreement, Developer will receive valuable specialized training and confidential information, which may include, without limitation, information regarding the operational, sales, advertising and promotional methods and techniques of Franchisor and the System. Developer covenants that during the term of this Agreement, except as otherwise approved in writing by Franchisor, Developer shall not, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person, persons, partnership, or corporation:

a) Divert or attempt to divert any business or guest of any XP League Unit or of any unit under the system to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the proprietary marks or the system.

b) Unless released in writing by the employer, employ or seek to employ any person who is at that time employed by Franchisor or by any other franchisee or Developer of Franchisor, or otherwise directly or indirectly induce such person to leave his or her employment.

c) Own, maintain, operate, engage in, be employed by, provide any assistance to, or have any more than a one percent (1%) interest in (as owner or otherwise) any Competitive Business (as defined in Attachment A). Developer acknowledges and agrees that Developer shall be considered in default under this Agreement and that this agreement will be subject to immediate termination in sole discretion of Franchisor, in the event that a person in the immediate family (including spouse, domestic partner, parent or child) of Developer (or, if Developer is other than an individual, each Owner that is subject to these covenants) engages in a Competitive Business that would violate this section 6.2 if such person was subject to the covenants of this section 6.2.

6.3. Post-Termination. Developer covenants that, except as otherwise approved in writing by Franchisor, for a continuous uninterrupted period of two (2) years from the date of (a) a transfer permitted under Section 8 below; (b) expiration of this Agreement; (c) termination of this Agreement (regardless of the cause for termination); (d) a final order of a duly authorized arbitrator, panel of arbitrators, or a court of competent jurisdiction (after all appeals have been taken) with respect to any of the foregoing or with respect to enforcement of this Section 8.3; or (e) any or all of the foregoing, Developer shall not either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person, partnership,

corporation, or other entity, own, maintain, operate, engage in, be employed by, or have any interest in any Competitive Business, which is, or is intended to be, located (i) within the Development Area (other than those Units provided for in the Development Schedule), or (ii) within a radius of twenty-five (25) miles of any other XP League in operation or under construction on the effective date of termination or expiration located anywhere. Provided, however, that this provision shall not apply to the operation by Developer of any business under the System under a franchise agreement with Franchisor.

6.4. Exception for Ownership in Public Entities. Sections 6.2 and 6.3 hereof shall not apply to ownership by Developer of less than a five percent (5%) beneficial interest in the outstanding equity securities of any publicly held corporation. As used in this Agreement, the term "publicly held corporation" refers to a corporation which has outstanding securities that have been registered under the federal Securities Exchange Act of 1934.

6.5. Personal Covenants. At the request of Franchisor, Developer shall obtain and furnish to Franchisor executed covenants similar in substance to those set forth in this Article 6 (including covenants applicable upon the termination of a person's relationship with Developer) from all managers and other personnel employed by Developer who have received or will receive training and/or other confidential information, or who are or may be involved in the operation or development of the Franchised Business. Every covenant required by this Article 6 shall be in a form approved by Franchisor, including specific identification of Franchisor as a third-party beneficiary of such covenants with the independent right to enforce them.

6.6. Covenants as Independent Clauses. The parties agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Article 6 is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which Franchisor is a party, Developer expressly agrees to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Article 6.

6.7. Covenants Survive Claims. Developer expressly agrees that the existence of any claims it may have against Franchisor, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by Franchisor of the covenants in this Article 6. Developer agrees to pay all costs and expenses (including reasonable attorneys' fees) incurred by Franchisor in connection with the enforcement of this Section 8.

6.8. Compliance with Laws. Developer represents and warrants to Franchisor that neither Developer (including, without limitation, any and all of its Principals, employees, directors, officers and other representatives) nor any of its affiliates or the funding sources for either is a person or entity designated with whom Franchisor, or any of its affiliates, are prohibited by law from transacting business.

6.9. Breach of Covenants Causes Irreparable Injury. You acknowledge that your violation of any covenant of this Article 6 would result in irreparable injury to Franchisor for which no adequate remedy at law may be available, and you consent to the issuance of, and agree to pay all court costs and reasonable attorneys' fees incurred by Franchisor in obtaining, without the posting of any bond, an *ex parte* or other order for injunctive or other legal or equitable relief with respect to such conduct or action.

7. INDEPENDENT CONTRACTOR AND INDEMNIFICATION

7.1. Independent Contractor. The parties acknowledge and agree that you are operating the business contemplated under this Agreement as an independent contractor. Nothing contained in this Agreement shall create or be construed to create a partnership, joint venture, joint employer, or agency relationship between the parties. Neither party has any fiduciary obligations to the other or will be liable for the debts or obligations of the other. Neither party has the right to bind the other, transact business in the other party's name or in any manner make any promises or representations on behalf of the other party, unless otherwise

agreed in writing by the parties, or shall conspicuously identify yourself and the business contemplated under this Agreement in all dealings with your customers, contractors, suppliers, public officials, and others, as an independent franchisee of Franchisor, and shall place a conspicuous notice, in the form and at such place as Franchisor prescribes, notifying the public of such independent ownership. During the term of this Agreement, Developer shall hold itself out to the public as an independent contractor operating the business pursuant to a Development Agreement with Franchisor. Developer agrees to take such action as may be necessary to do so, including, without limitation, exhibiting a notice of the fact in a conspicuous place in Developer's offices, the content of which Franchisor reserves the right to specify.

7.2. INDEMNIFICATION. YOU SHALL INDEMNIFY AND HOLD HARMLESS TO THE FULLEST EXTENT BY LAW, FRANCHISOR, ITS AFFILIATES AND THEIR RESPECTIVE DIRECTORS, OFFICERS, MANAGERS, EMPLOYEES, SHAREHOLDERS, AND AGENTS, (COLLECTIVELY, "INDEMNITEES") FROM ANY AND ALL "LOSSES AND EXPENSES" (AS HEREINAFTER DEFINED) INCURRED IN CONNECTION WITH ANY LITIGATION OR OTHER FORM OF ADJUDICATORY PROCEDURE, CLAIM, DEMAND, INVESTIGATION, OR FORMAL OR INFORMAL INQUIRY (REGARDLESS OF WHETHER SAME IS REDUCED TO JUDGMENT) OR ANY SETTLEMENT THEREOF ARISING OUT OF OR RELATED TO THE BUSINESS CONTEMPLATED UNDER THIS AGREEMENT ("EVENT"), AND REGARDLESS OF WHETHER SAME RESULTED FROM ANY STRICT OR VICARIOUS LIABILITY IMPOSED BY LAW ON THE INDEMNITEES; PROVIDED, HOWEVER, THAT THIS INDEMNITY SHALL NOT APPLY TO ANY LIABILITY ARISING FROM THE GROSS NEGLIGENCE OF INDEMNITEES (EXCEPT TO THE EXTENT THAT JOINT LIABILITY IS INVOLVED, IN WHICH EVENT THE INDEMNIFICATION PROVIDED IN THIS AGREEMENT SHALL EXTEND TO ANY FINDING OF COMPARATIVE NEGLIGENCE OR CONTRIBUTORY NEGLIGENCE ATTRIBUTABLE TO YOU). FOR THE PURPOSE OF THIS SECTION 7.3, THE TERM "LOSSES AND EXPENSES" INCLUDE COMPENSATORY, EXEMPLARY, OR PUNITIVE DAMAGES; FINES AND PENALTIES; ATTORNEYS' FEES; EXPERTS' FEES; COURT COSTS; COSTS ASSOCIATED WITH INVESTIGATING AND DEFENDING AGAINST CLAIMS; SETTLEMENT AMOUNTS; JUDGMENTS; COMPENSATION FOR DAMAGES TO FRANCHISOR'S REPUTATION AND GOODWILL; AND ALL OTHER COSTS ASSOCIATED WITH ANY OF THE FOREGOING LOSSES AND EXPENSES. YOU SHALL GIVE FRANCHISOR PROMPT NOTICE OF ANY EVENT OF WHICH YOU ARE AWARE, FOR WHICH INDEMNIFICATION IS REQUIRED, AND, AT YOUR EXPENSE AND RISK, FRANCHISOR MAY ELECT TO ASSUME (BUT UNDER NO CIRCUMSTANCE IS OBLIGATED TO UNDERTAKE) THE DEFENSE AND/OR SETTLEMENT THEREOF, PROVIDED THAT FRANCHISOR WILL SEEK YOUR ADVICE AND COUNSEL. ANY ASSUMPTION BY FRANCHISOR SHALL NOT MODIFY YOUR INDEMNIFICATION OBLIGATION. FRANCHISOR MAY, IN ITS SOLE AND ABSOLUTE DISCRETION, TAKE SUCH ACTIONS AS IT SEEMS NECESSARY AND APPROPRIATE TO INVESTIGATE, DEFEND, OR SETTLE ANY EVENT OR TAKE OTHER REMEDIAL OR CORRECTIVE ACTIONS WITH RESPECT THEREOF AS MAY BE, IN FRANCHISOR'S SOLE AND ABSOLUTE DISCRETION, NECESSARY FOR THE PROTECTION OF THE INDEMNITIES OR THE SYSTEM.

7.3. No Assumption of Liability. Nothing in this Agreement authorizes Developer to make any contract, agreement, warranty, or representation on Franchisor's or any of its Affiliates' behalf, or to incur any debt or other obligation in Franchisor's or its Affiliates' name; and that Franchisor and Affiliates shall in no event assume liability for, or be deemed liable hereunder as a result of, any such action; nor shall Franchisor be liable by reason of any act or omission of Developer in Developer's operations hereunder, or for any claim or judgment arising therefrom against Developer or Franchisor.

8. TRANSFER OF INTEREST

8.1. Transfer by Franchisor. Franchisor shall have the uninhibited right to transfer or assign all or any part of its rights or obligations under this Agreement to any person or legal entity without Developer's consent or prior notice. With respect to any assignment which results in the subsequent performance by the assignee of all of Franchisor's obligations under this Agreement, the assignee shall expressly assume and agree to perform such obligations, and shall become solely responsible for all of Franchisor's obligations under this Agreement from the date of assignment. In addition, and without limitation to the foregoing, you expressly affirm and agree that Franchisor and/or its Affiliates may sell their assets, the Marks, Copyrighted Works or the System; may sell securities in a public offering or in a private placement; may merge, acquire other corporations, or be acquired by another corporation; and may undertake a refinancing, recapitalization, leveraged buy-out, or other economic or financial restructuring. With regard to any of the above sales, assignments and dispositions, you expressly and specifically waive any claims, demands, or damages arising from or relating to the loss of Franchisor's name, the Marks (or any variation thereof), Copyrighted Works, and System and/or the loss of association with or identification of XP League Franchise, LLC as the franchisor under this Agreement. You specifically waive any and all other claims, demands, or damages arising from or related to the foregoing merger, acquisition, and other business combination activities including, without limitation, any claim of divided loyalty, breach of fiduciary duty, fraud, breach of contract, or breach of the implied covenant of good faith and fair dealing. You agree that Franchisor has the right, now or in the future, to purchase, merge, acquire, or affiliate with an existing competitive or non-competitive franchise network, chain, or any other business regardless of the location of that chain's or business' facilities, and to operate, franchise or license those businesses and/or facilities as XP League Units operating under the Marks or any other marks following Franchisor's purchase, merger, acquisition or affiliation, regardless of the location of these facilities (which you acknowledge may be proximate to any XP League Unit developed under this Agreement).

8.2. Transfer by Individual Developer to Business Entity for Convenience. If you are an individual, you may transfer your interest in this Agreement to a Business Entity for convenience of operation within the first 12 months of this Agreement by signing Franchisor's standard form of assignment and assumption agreement if: ***(a)*** the Business Entity is formed solely for purposes of continuing your development rights and obligations; ***(b)*** you provide to Franchisor a copy of the Business Entity's formation and governing documents (including disclosure of all owners of such entity) and a certificate of good standing from the jurisdiction under which the Business Entity was formed; ***(c)*** you sign a general release in favor of Franchisor and in the form Franchisor requires; ***(d)*** you pay to Franchisor a $3,500 administrative fee; and ***(e)*** you and all other Owners sign an Undertaking and Guaranty in the form of Attachment D.

8.3. Transfer Among Owners; Transfer of Non-Controlling Interest. If you are a Business Entity, your Owners may transfer their ownership interests in the Business Entity among each other, and may transfer up to a Non-Controlling Interest in the Business Entity to one or more third parties, if: ***(a)*** you have provided to Franchisor advance notice of the transfer and have obtained our prior written consent, which shall not be unreasonably withheld; ***(b)*** Attachment C to this Agreement has been amended to reflect the new ownership; ***(c)*** each new Owner has signed a Undertaking and Guaranty in the form of Attachment D; ***(d)*** each previous and/or new Owner has signed a general release in favor of Franchisor and in the form Franchisor requires, ***(e)*** you pay to Franchisor a $3,500 administrative fee; and ***(f)*** you must be in compliance with the Development Agreement. Transfers under this Section 8.3. are limited to once per rolling 12-month period; otherwise, transfers under this Section 8.3. shall be subject to an administrative fee of 25% of the then-current initial franchise fee. For purposes of this Section 8.3 only, "Non-Controlling Interest" shall mean 20% or less of the total outstanding units in the Franchised Business.

8.4. Transfer of Agreement; Transfer of Controlling Interest. All other transfers (including any sale or transfer of your interest in this Agreement and the sale of a Controlling Interest in you if you are a Business Entity) require Franchisor's prior written consent. Franchisor will not unreasonably withhold its consent to a transfer, but may condition its consent on satisfaction of any or all of the following:

8.4.1. Your written request for consent and delivery of a copy of the proposed transfer agreements, including sale terms, at least 30 days prior to the proposed transfer, and Franchisor has determined, in its sole and reasonable discretion, that the terms of the sale will not materially and adversely affect the post transfer viability of any Franchised Business in operation at the time of transfer;

8.4.2. The transferee has demonstrated to Franchisor's satisfaction that the transferee meets Franchisor's then-current educational, managerial and business standards; possesses a good moral character, business reputation and credit rating; has the aptitude and ability to operate each Franchised Business; and has sufficient equity capital to operate each Franchised Business (which condition shall be presumed if the transferee's net worth is equal to or exceeds your net worth at the time of transfer, excluding the value of each Franchised Business);

8.4.3. All of your accrued monetary obligations and all other outstanding obligations to Franchisor, its Affiliates, and third party suppliers shall be up to date, fully paid and satisfied, and you must be in full compliance with this Agreement and any other agreements between you and Franchisor, its Affiliates and your suppliers;

8.4.4. You and each Owner has executed a general release, in a form satisfactory to Franchisor, of any and all claims against Franchisor and its Affiliates and their respective officers, directors, managers, shareholders, agents and employees in their corporate and individual capacities, including, without limitation, claims arising under federal, state and local laws, rules and ordinances; provided, however, that any release will not be inconsistent with any state law regulating franchising;

8.4.5. Payment of the transfer fee equal to $25,000 plus $1,500 for each Unit yet to be developed;

8.4.6. You and the transferee have executed a consent to transfer of this Agreement in the form prescribed by Franchisor;

8.4.7. If the transferee is a Business Entity, then the transferee's Owners each shall sign Franchisor's standard form of Undertaking and Guaranty;

8.4.8. The transferee has have complied with Franchisor's then-current initial training requirements for the operation of each then-existing Unit;

8.4.9. The transferee signs our then-current form of the Development Agreement for the remaining term of your Development Agreement; and

8.4.10. If Franchisor introduced the buyer to you, you have paid all fees due Franchisor under its then-current franchise resale policy or program.

8.5. Transfer to Business Entity. Notwithstanding Section 8.4 of this Agreement, you may, with Franchisor's prior written consent, execute and contemporaneously assign your rights and obligations under this Development Agreement to a business entity under common control with you if: ***(a)*** such business entity executes and complies with the terms and conditions of the Franchise Agreement; and ***(b)*** you pay Franchisor an administrative fee in the amount of $3,500.

8.6. Transfers Void. Developer understands and acknowledges that Franchisor has granted the rights hereunder in reliance on the business skill, financial capacity, and personal character of Developer or the Owners of Developer if Developer is not an individual. Accordingly, neither Developer nor any Owner shall sell, assign, transfer, pledge or otherwise encumber any direct or indirect interest in the Developer (including any direct or indirect interest in a corporate or partnership Developer), the rights or obligations of Developer under this Agreement, or any material asset of the Developer's business, without the prior written consent of Franchisor, which shall be subject to this Article 8, and to all of the conditions and requirements for transfers set forth in the franchise agreements executed simultaneously with this Agreement that Franchisor deems applicable to a proposed transfer under this Agreement. In addition, Developer's first Unit under its first Franchise Agreement must be open and operating, and Developer must

be in compliance with the Development Schedule (and all other terms of this Agreement and all Franchise Agreements and other agreements between Developer and its affiliates, and Franchisor). Any purported transfer under this Article 8, by operation of law or otherwise, made without Franchisor's prior written consent will be considered null and void and will be considered a material breach of this Agreement, which shall provide Franchisor the right to terminate the agreement without an opportunity to cure.

8.7. Security Interest. You may grant a security interest in this Agreement or the franchise represented by this Agreement only to the limited extent permitted by Section 9-408 of the Uniform Commercial Code. Any such security interest may only attach to an interest in the proceeds of the operation of the Franchised Business and may not entitle or permit the secured party to take possession of or operate the Franchised Business or to transfer your interest in this Agreement or the franchise without Franchisor's consent.

8.8. Private or Public Offerings. If you are a Business Entity and you intend to issue equity interests pursuant to a private or public offering, you shall first obtain Franchisor's written consent, which consent shall not be unreasonably withheld. You must provide to Franchisor for its review a copy of all offering materials (whether or not such materials are required by applicable securities laws) at least 60 days prior to such documents being filed with any government agency or distributed to investors. No offering shall imply (by use of the Marks or otherwise) that Franchisor is participating in an underwriting, issuance or offering of your securities, and Franchisor's review of any offering shall be limited to ensuring compliance with the terms of this Agreement. Franchisor may condition its approval on satisfaction of any or all of the conditions set forth in Section 8.4 and on execution of an indemnity agreement, in a form prescribed by Franchisor, by you and any other participants in the offering. For each proposed offering, you shall pay to Franchisor a retainer in an amount determined by Franchisor, which Franchisor shall use to reimburse itself for the reasonable costs and expenses it incurs (including, without limitation, attorneys' fees and accountants' fees) in connection with reviewing the proposed offering.

8.9. Transfer Upon Death or Incapacitation. Upon the death or permanent incapacity (mental or physical) of the Developer or any Owner, the executor, administrator, or personal representative of such person shall transfer such interest to a third party approved by Franchisor within six months after such death or mental incapacity. Such transfers, including, without limitation, transfers by devise or inheritance, shall be subject to the same conditions as an ***inter vivos*** transfer, except that the transfer fee shall be waived. In the case of transfer by devise or inheritance, however, if the heirs or beneficiaries of any such person are unable to meet the conditions of this Section 8, the executor, administrator, or personal representative of the decedent shall transfer the decedent's interest to another party approved by Franchisor within six months, which disposition shall be subject to all the terms and conditions for transfer contained in this Agreement. If the interest is not disposed of within such period, Franchisor may, at its option, terminate this Agreement, pursuant to Section 9.3.

8.10. Non-Waiver of Claims. Franchisor's consent to a transfer shall not constitute a waiver of any claims it may have against the transferring party, and it will not be deemed a waiver of Franchisor's right to demand strict compliance with any of the terms of this Agreement, or any other agreement to which Franchisor's and the transferee are parties, by the transferee.

9. DEFAULT AND TERMINATION

9.1. Automatic Termination In the Event of Bankruptcy or Insolvency. You shall be deemed to be in default under this Agreement, and all rights granted to you in this Agreement shall automatically terminate without notice, if you become insolvent or make a general assignment for the benefit of creditors; if a petition in bankruptcy is filed by you or such a petition is filed against you and you do not oppose it; if you are adjudicated as bankrupt or insolvent; if a bill in equity or other proceeding for the appointment of a receiver for you or other custodian for your business or assets is filed and consented to by you; if a receiver or other custodian (permanent or temporary) of your assets or property, or any part thereof, is appointed by any court of competent jurisdiction; if proceedings for a composition with creditors under any state or federal law is instituted by or against you; if a final judgment remains unsatisfied or of record for 30 days

or longer (unless a supersedeas bond is filed); if you are dissolved; if execution is levied against your business or property; if judicial, non-judicial or administrative proceedings to foreclose any lien or mortgage against any Franchised Business premises or assets or equipment is instituted against you and not dismissed within 30 days; or if the real or personal property of the Franchised Business is sold after levy thereupon by any sheriff, marshal, or constable.

9.2. Termination with Notice and Without Opportunity to Cure. Franchisor has the right to terminate this Agreement, which termination will become effective upon delivery of notice without opportunity to cure if: ***(a)*** you fail to meet the Development Schedule; ***(b)*** you or any Owner is convicted of, or pleads no contest to, a felony, a crime involving moral turpitude, or any other crime or offense that Franchisor believes is reasonably likely to have an adverse effect on the System; ***(c)*** there is any transfer or attempted transfer in violation of Article 8 of this Agreement; ***(d)*** you or any Owner fails to comply with the confidentiality or non-compete covenants in Article 6 and Article 10 of this Agreement; ***(e)*** you or any Owner has made any material misrepresentations in connection with your developer application; or ***(f)*** Franchisor delivers to you three or more written notices of default pursuant to this Article 9 within any rolling 12-month period, whether or not the defaults described in such notices ultimately are cured.

9.3. Termination with 10-Day Cure Period. Franchisor has the right to terminate this Agreement, which termination will become effective upon delivery of written notice of termination, if you fail to cure the following defaults within 10 days after delivery of written notice: ***(a)*** failure to obtain or maintain required insurance coverage at the Units; ***(b)*** failure to pay any amounts due to Franchisor; ***(c)*** failure to pay any amounts due to your trade creditors (unless such amount is subject to a bona fide dispute); ***(d)*** failure to pay any amounts for which Franchisor has advanced funds for or on your behalf, or upon which Franchisor is acting as guarantor of your obligations; ***(e)*** misappropriate, misuse, or otherwise utilize the Marks and Confidential Information in a way not authorized by Franchisor; and ***(f)*** if an approved transfer as required by Section 8.9 is not effected within the designated time frame following a death or permanent incapacity (mental or physical).

9.4. Termination with 30-Day Cure Period. Except as otherwise provided in this Article 9, Franchisor has the right to terminate this Agreement, which termination will become effective upon delivery of written notice of termination, if you fail to cure any curable default within 30 days after delivery of written notice.

9.5. Cross-Default. Any default under any agreement (including any franchise agreement) between you and Franchisor or its Affiliates, which your failure to cure within any applicable cure period, shall be considered a default under this Agreement and shall provide an independent basis for termination of this Agreement without an opportunity to cure.

9.6. Additional Remedies. If you are in Default of this Agreement, Franchisor may, in its sole discretion, elect to reduce the number of Units which you may establish pursuant to the Development Schedule. If Franchisor elects to exercise this remedy as set forth above, you agree to continue to develop Units in accordance with your rights and obligations under this Agreement, as modified. Franchisor's exercise of its remedy under this Section 9.7 shall not constitute a waiver by Franchisor to exercise Franchisor's option to terminate this Agreement at any time with respect to a subsequent event of default of a similar or different nature.

9.7. No Further Rights. Developer has no independent or unilateral right to terminate this Agreement. Upon termination or expiration of this Agreement, Developer shall have no right to establish or operate any XP League for which a Franchise Agreement has not been executed by Franchisor at the time of termination or expiration. Franchisor's remedies for Developer's breach of this Agreement shall include, without limitation, Developer's loss of its right to develop additional Franchised Business under this Agreement, and Franchisor's retention of all Development fees paid or owed by Developer. Upon termination or expiration, Franchisor shall be entitled to establish, and to franchise others to establish XP League Units in the Development Area, except as may be otherwise provided under any Franchise Agreement which has been executed between Franchisor and Developer or Developer's affiliates.

9.8. Damages Upon Termination. In addition to the above, upon termination or expiration of this Agreement, Developer shall promptly pay all sums owing to Franchisor and its affiliates.

Developer acknowledges and confirms that Franchisor will suffer substantial damages as a result of the termination of this Agreement before the Term expires. Some of those damages include lost Royalty Fees, and NAF Contributions, as those terms are defined in the first unit's franchise agreement, and other fees, lost market penetration and goodwill, lost opportunity costs, and expenses that Franchisor will incur in developing or finding another Developer to develop another XP League franchise in the Development Area (collectively, "Brand Damages"). Franchisor and Developer acknowledge that Brand Damages are difficult to estimate accurately and proof of Brand Damages would be burdensome and costly, although such damages are real and meaningful to Franchisor.

Therefore, upon termination of this Agreement before the Term expires for any reason (subject to this Article 9), Developer agrees to pay Franchisor, within fifteen (15) days after the date of such termination, the entire liquidated damages amount, which is the lesser of i) $50,000 and ii) the Minimum Royalty Fee (as the term is defined in the first unit's franchise agreement), multiplied by 36, multiplied by the number of units undeveloped under this Agreement.

Developer agrees that the liquidated damages calculated under this Section 9.8 represent the best estimate of Franchisor's Brand Damages arising from any termination of this Agreement before the Term expires. Developer's payment of the liquidated damages to Franchisor will not be considered a penalty but, rather, a reasonable estimate of fair compensation to Franchisor for the Brand Damages Franchisor will incur because this Agreement did not continue for the Term's full length.

Developer acknowledges that Developer's payment of liquidated damages is full compensation to Franchisor only for the Brand Damages resulting from the early termination of this Agreement and is in addition to.

10. CORPORATION, LIMITED LIABILITY COMPANY, OR PARTNERSHIP

10.1 List of Principals. If Developer is a corporation, limited liability company, or partnership, each Owner of Developer and the interest of each person holding an ownership interest in Developer, shall be identified in Attachment C to the Agreement. Developer shall maintain a list of all owners and immediately furnish Franchisor with an update to the information contained in Attachment C upon any change, which shall be made only in compliance with Section 7 above. Developer shall also appoint a Designated Manager, pursuant to Section 5.2 above.

10.2 Guaranty and Undertaking. Each Owner shall execute a guaranty and undertaking, and acknowledgment of Developer's covenants and obligations under this Agreement in the form attached hereto as Attachment D.

10.3 Corporations and Limited Liability Companies. If Developer is a corporation or limited liability company, Developer shall comply with the following requirements:

10.3.1. Developer shall be newly organized and its governing documents shall at all times provide that its activities are confined exclusively to developing and operating the Franchised Business.

10.3.2. Developer shall promptly furnish to Franchisor copies of Developer's articles of incorporation, bylaws, articles of organization, operating agreement and/or other governing documents, and any amendments thereto, including the resolution of the Board of Directors or members authorizing entry into this Agreement.

10.3.3. Developer shall maintain stop transfer instructions against the transfer on its records of any equity securities; and each stock certificate or issued securities of Developer shall conspicuously include upon its face a statement, in a form satisfactory to Franchisor, which references the transfer restrictions

imposed by this Agreement; provided, however, that the requirements of this Section 10.3.3 shall not apply to a publicly held corporation.

10.4 Partnerships and Limited Liability Partnerships. If Developer or any successor to or assignee of Developer is a partnership or limited liability partnership, Developer shall comply with the following requirements:

10.4.1. Developer shall be newly organized and its company or operating agreement (or its equivalent) shall at all times provide that its activities are confined exclusively to developing and operating the Franchised Business.

10.4.2. Developer shall furnish Franchisor with a copy of its company or operating agreement (or its equivalent)as well as such other documents as Franchisor may reasonably request, and any amendments thereto.

10.4.3. Developer shall promptly furnish to Franchisor copies of Developer's certificate of formation (or equivalent), and any other documents filed with the respective state secretary of state or other equivalent agency for formation of such limited liability company or partnership.

10.4.4. The partners of the partnership shall not, without the prior written consent of Franchisor, admit additional general partners, remove a general partner, or otherwise materially alter the powers of any general partner.

11. APPLICABLE LAW; DISPUTE RESOLUTION

11.1. Choice of Law. This Agreement and all claims arising out of or related to this Agreement or the parties' relationship created hereby shall be construed under and governed by the laws of the State of Texas (without giving effect to any conflict of laws).

11.2. Mediation.

11.2.1. The parties acknowledge that during the term and any extensions of this Agreement certain disputes may arise that the parties are unable to resolve, but that may be resolvable through mediation. To facilitate such resolution, Franchisor, you, and each Owner agree to submit any claim, controversy, or dispute between Franchisor or its Affiliates (and Franchisor's and its Affiliate's respective owners, officers, directors, managers, agents, representatives, and/or employees) and you or your Affiliates (and your Owners, agents, representatives, and/or employees) arising out of or relating to: ***(a)*** this Agreement or any other agreement between Franchisor and you, ***(b)*** Franchisor's relationship with you, or ***(c)*** the validity of this Agreement or any other agreement between Franchisor and you, to mediation before bringing such claim, controversy, or dispute in a court or before any other tribunal.

11.2.2. The mediation shall be conducted by a mediator agreed upon by Franchisor and you and, failing such agreement within not more than 15 days after either party has notified the other of its desire to seek mediation, by the American Arbitration Association or any successor organization ("**AAA**") in accordance with its rules governing mediation. Mediation shall be held at the offices of the AAA in the city in which Franchisor maintains its principal place of business at the time mediation is initiated. The costs and expenses of mediation, including the compensation and expenses of the mediator (but excluding attorneys' fees incurred by either party), shall be borne by the parties equally.

11.2.3. If the parties are unable to resolve the claim, controversy, or dispute within 90 days after the mediator has been chosen, then, unless such time period is extended by written agreement of the parties, either party may bring a legal proceeding pursuant to Section 11.3. The parties agree that statements made during such mediation proceeding will not be admissible for any purpose in any subsequent legal proceeding.

11.2.4. Notwithstanding the foregoing provisions of this Section 11.2, the parties' agreement to mediate shall not apply to controversies, disputes, or claims related to or based on amounts owed to

Franchisor pursuant to this Agreement, the Marks, or Franchisor's Confidential Information. Moreover, regardless of this mediation agreement, Franchisor and you each have the right in a proper case to seek temporary restraining orders and temporary or preliminary injunctive relief in any court of competent jurisdiction.

11.3. Arbitration. Franchisor and Developer agree that, except for controversies, disputes, or claims related to or based on improper use of the Marks or confidential information, all controversies, disputes, or claims between Franchisor and Developer's affiliates, and Franchisor's and their respective shareholders, members, officers, directors, agents, and/or employees, and Developer (and/or Developer's owners, guarantors, affiliates, and/or employees) arising out of or related to (a) this Agreement or any other agreement between Developer and Franchisor; (b) Franchisor's relationship with Developer; (c) the validity, arbitrability, or enforceability of this arbitration provision, Agreement, or any other agreement between Developer and Franchisor; or (d) any System standard must be submitted for binding arbitration, on demand of either party, to the American Arbitration Association (AAA). The arbitration proceedings will be conducted by one arbitrator and, except as this Section otherwise provides, according to the AAA's then current commercial arbitration rules. All proceedings will be conducted at a suitable location chosen by the arbitrator which is within a five (5) mile radius of Franchisor's principal headquarters at the time arbitration is initiated. The arbitrator shall have no authority to select a different hearing locale. All matters relating to arbitration will be governed by the United States Federal Arbitration Act (9 U.S.C. §§ 1 et seq.). Judgment upon the arbitrator's award may be entered in any court of competent jurisdiction.

(a) The arbitrator has the right to award or include in his or her award any relief which he or she deems proper, including, without limitation, money damages (with interest on unpaid amounts from the date due), specific performance, injunctive relief, and attorneys' fees and costs (as allowable under this Agreement or applicable law), provided that the arbitrator may not declare any Proprietary Mark generic or otherwise invalid or, as expressly provided in Section 16.9 below, award any punitive, exemplary or multiple damages against either party.

(b) Franchisor and Developer agree to be bound by the provisions of any limitation on the period of time in which claims must be brought under applicable law or this Agreement, whichever expires earlier. Franchisor and Developer further agrees that, in any arbitration proceeding, each must submit or file any claim which would constitute a compulsory counterclaim (as defined by Rule 13 of the United States Federal Rules of Civil Procedure) within the same proceeding as the claim to which it relates. Any claim which is not submitted or filed as required is forever barred. The arbitrator may not consider any settlement discussions or offers that might have been made by either Developer or Franchisor.

(c) Franchisor and Developer agree that arbitration will be conducted on an individual, not a class-wide, basis and that an arbitration proceeding between Franchisor and Franchisor's affiliates their respective shareholders, officers, directors, agents, and employees, and Developer (including owners, guarantors, affiliates, and employees) may not be consolidated with any other arbitration proceeding between Franchisor and any other person.

(d) Despite Franchisor's and Developer's agreement to arbitrate, Franchisor and Developer each have the right in a proper case to seek temporary restraining orders and temporary or preliminary injunctive relief from a court of competent jurisdiction; provided, however, that Franchisor and Developer must contemporaneously submit Franchisor's dispute for arbitration on the merits as provided in this Section.

(e) The provisions of this Section are intended to benefit and bind certain third-party non-signatories and will continue in full force and effect subsequent to and notwithstanding this

Agreement's expiration or termination.

11.4. Venue. With respect to any controversies, disputes, or claims which are not finally resolved through mediation or arbitration, as provided in Sections 11.2 and 11.3., the parties agree that any action brought by either party against the other in any court, whether federal or state, shall be brought and maintained exclusively and within the state and federal judicial district court serving the district in which we maintain our principal headquarter at the time litigation is initiated or Tarrant County, Texas (if there is a dispute), and the parties hereby waive all questions of personal jurisdiction or venue for the purpose of carrying out this provision. Nothing contained in this Agreement bars Franchisor's right to seek injunctive relief from any court of competent jurisdiction; and you agree to pay all costs and reasonable attorneys' fees incurred by Franchisor in obtaining such relief.

11.5. Nonexclusivity of Remedy. No right or remedy conferred upon or reserved to Franchisor or you by this Agreement is intended to be, nor shall be deemed, exclusive of any other right or remedy in this Agreement or by law or equity provided or permitted, but each shall be cumulative of every other right or remedy.

11.6. **WAIVER OF JURY TRIAL. FRANCHISOR AND YOU IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER OF THEM AGAINST THE OTHER, WHETHER OR NOT THERE ARE OTHER PARTIES IN SUCH ACTION OR PROCEEDING.**

11.7. **WAIVER OF PUNITIVE DAMAGES. THE PARTIES HEREBY WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHT TO OR CLAIM OF ANY PUNITIVE OR EXEMPLARY DAMAGES AGAINST THE OTHER AND AGREE THAT IN THE EVENT OF A DISPUTE BETWEEN THEM EACH SHALL BE LIMITED TO THE RECOVERY OF ANY ACTUAL DAMAGES SUSTAINED BY IT.**

11.8. Limitation to Bring a Claim. Any and all claims and actions arising out of or relating to this Agreement and/or the relationship of Developer and Franchisor, brought by either party hereto against the other, whether in mediation, in arbitration or in court, shall be commenced within one (1) year from the occurrence of the facts giving rise to such claim or action, or such claim or action shall be forever barred.

11.9. Attorneys' Fees. If either party commences a legal action against the other party arising out of or in connection with this Agreement, the prevailing party shall be entitled to have and recover from the other party its reasonable attorneys' fees and costs of suit.

11.10. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one agreement.

12. NOTICES

12.1. Notices. All notices or demands shall be in writing and shall be served in person, by Express Mail, by certified mail; by private overnight delivery; by DocuSign or other electronic signature or delivery system; or by or by facsimile or other electronic system. Service shall be deemed conclusively made: ***(a)*** at the time of service, if personally served; ***(b)*** 24 hours (exclusive of weekends and national holidays) after deposit in the United States mail, properly addressed and postage prepaid, if served by Express Mail; ***(c)*** upon the earlier of actual receipt or three calendar days after deposit in the United States mail, properly addressed and postage prepaid, return receipt requested, if served by certified mail; ***(d)*** 24 hours after delivery by the party giving the notice, statement or demand if by private overnight delivery; and ***(e)*** at the time of transmission by facsimile, if such transmission occurs prior to 5:00 p.m. on a Business Day and a copy of such notice is mailed within 24 hours after the transmission. Notices and demands shall be given to the respective parties at the addresses set forth on the Summary Pages, unless and until a different address has been designated by written notice to the other party. Either party may change its address for the purpose

of receiving notices, demands and other communications as in this Agreement by providing a written notice given in the manner aforesaid to the other party.

12.2. Notice of Actions. Developer shall notify Franchisor in writing within five (5) days of the receipt of any demand letter, commencement of any action, suit, or proceeding, and of the issuance of any order, writ, injunction, award, or decree of any court, agency or other governmental instrumentality, which may adversely affect the operation or financial condition of Developer and/or any Unit established under this Agreement.

13. CONSTRUCTION

13.1. Entire Agreement. This Agreement and its attachments represent the entire fully integrated agreement between the parties concerning the subject matter hereof, and supersedes all other negotiations, agreements, representations, and covenants, oral or written. Recognizing the costs on both Franchisor and Developer which are uncertain, Franchisor and Developer, each confirm that neither wishes to enter into a business relationship with the other in which any terms or obligations are the subject of alleged oral statements or in which oral statements or non-contract writings which have been or may in the future be, exchanged between them, serve as the basis for creating rights or obligations different than or supplementary to the rights and obligations set forth herein. Accordingly, Franchisor and Developer agree and promise each other that this Agreement supersedes and cancels any prior and/or contemporaneous discussions or writings (whether described as representations, inducements, promises, agreements or any other term), between Franchisor or anyone acting on its behalf and Developer or anyone acting on its behalf, which might be taken to constitute agreements, representations, inducements, promises or understandings (or any equivalent to such term) with respect to the rights and obligations of Franchisor and Developer or the relationship between them. In accordance with the foregoing, it is understood and acknowledged that this Agreement, the attachments hereto, and the documents referred to herein constitute the entire Agreement between Franchisor and Developer concerning the subject matter hereof, and supersede any prior agreements, no other representations having induced Developer to execute this Agreement. Except for those permitted to be made unilaterally by Franchisor hereunder, no amendment, change, or variance from this Agreement shall be binding on either party unless mutually agreed to by the parties and executed by their authorized officers or agents in writing. Notwithstanding the foregoing, nothing in this or any related agreement is intended to disclaim the express representations made in the Franchise Disclosure Document, its exhibits and amendments. Any representations, warranties, inducements, promises, understandings or agreements between the parties, that are not in the franchise disclosure document which you acknowledge receiving at least 14 days before signing this Agreement or paying any money, or in writing and signed by us and you, are void and not enforceable.

13.2. No Waiver. No waiver or modification of this Agreement or of any covenant, condition, or limitation herein contained shall be valid unless the same is made in writing and duly executed by the party to be charged therewith. No evidence of any waiver or modification shall be offered or received in evidence in any proceeding, arbitration, or litigation between the parties arising out of or affecting this Agreement, or the rights or obligations of any party hereunder, unless such waiver or modification is in writing, duly executed as aforesaid. No failure of Franchisor to exercise any power reserved to it hereunder, or to insist upon strict compliance by Developer with any obligation or condition hereunder, and no custom or practice of the parties in variance with the terms hereof, shall constitute a waiver of Franchisor's right to demand exact compliance with the terms hereof. Waiver by Franchisor of any particular default by Developer shall not be binding unless in writing and executed by the party sought to be charged and shall not affect or impair Franchisor's right with respect to any subsequent default of the same or of a different nature; nor shall any delay, waiver, forbearance, or omission of Franchisor to exercise any power or rights arising out of any breach or default by Developer of any of the terms, provisions, or covenants hereof, affect or impair Franchisor's rights nor shall such constitute a waiver by Franchisor of any right hereunder or of the right to declare any subsequent breach or default. Subsequent acceptance by Franchisor of any payment(s) due to

it hereunder shall not be deemed to be a waiver by Franchisor of any preceding breach by Developer of any terms, covenants or conditions of this Agreement.

13.3. Severability. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement.

13.4. Survival of Terms. Any provision or covenant of this Agreement which expressly or by its nature imposes obligations beyond the expiration or termination of this Agreement shall survive such expiration or termination.

13.5. Definitions and Captions. Unless otherwise defined in this body of this Agreement, capitalized terms have the meaning ascribed to them in Attachment A ("Glossary of Additional Terms"). All captions in this Agreement are intended for the convenience of the parties, and none shall be deemed to affect the meaning or construction of any provision of this Agreement.

13.6. Persons Bound. This Agreement shall be binding on the parties and their respective successors and assigns. As applicable, each Owner shall execute the Undertaking and Guaranty attached as Attachment D. Failure or refusal to do so shall constitute a breach of this Agreement. You and each Owner shall be joint and severally liable for each person's obligations hereunder and under the applicable Undertaking and Guaranty.

13.7. Rules of Construction. Neither this Agreement nor any uncertainty or ambiguity in this Agreement shall be construed or resolved against the drafter of this Agreement, whether under any rule of construction or otherwise. Terms used in this Agreement shall be construed and interpreted according to their ordinary meaning. If any provision of this Agreement is susceptible to two or more meanings, one of which would render the provision enforceable and the other(s) which would render the provision unenforceable, the provision shall be given the meaning that renders it enforceable.

13.8. Timing. Time is of the essence with respect to all provisions in this Agreement. Notwithstanding the foregoing, if performance of either party is delayed on account of a Force Majeure, the applicable deadline for performance shall be extended for a period commensurate with the Force Majeure, but not to exceed 12 months.

13.9. Full Scope of Terms. Developer expressly agrees to be bound by any promise or covenant imposing the maximum duty permitted by law which is subsumed within the terms of any provision hereof, as though it were separately articulated in and made a part of this Agreement, that may result from striking from any of the provisions hereof any portion or portions which a court or agency having valid jurisdiction may hold to be unreasonable and unenforceable in an unappealed final decision to which Franchisor is a party, or from reducing the scope of any promise or covenant to the extent required to comply with such a court or agency order.

13.10. Captions Only for Convenience. All captions in this Agreement are intended solely for the convenience of the parties, and none shall be deemed to affect the meaning or construction of any provision hereof.

13.11. No Waiver or Disclaimer of Reliance in Certain States. The following provision applies only to developers and franchises that are subject to the state franchise registration/disclosure laws in California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, or Wisconsin:

No statement, questionnaire, or acknowledgement signed or agreed to by you 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 us, any franchise seller, or any other person acting on our behalf. This provision supersedes any other term of any document executed in connection with the franchise.

14. REPRESENTATIONS

14.1. Representations of Franchisor. Franchisor represents and warrants that *(a)* Franchisor is duly organized and validly existing under the law of the state of its formation; ***(b)*** Franchisor is duly qualified and authorized to do business in each jurisdiction in which its business activities or the nature of the properties it owns requires such qualification; and ***(c)*** the execution of this Agreement and the performance of the transactions contemplated by this Agreement are within Franchisor's corporate power and have been duly authorized.

14.2. Representations of Developer. (Initial each subsection)

[_____] 14.2.1. You represent and warrant that the information set forth in Attachment C, incorporated by reference hereto, is accurate and complete in all material respects. You shall notify Franchisor in writing within 10 days of any change in the information set forth in Attachment C. You further represent to Franchisor that ***(a)*** you are duly organized and validly existing under the law of the state of your formation; ***(b)*** you are duly qualified and authorized to do business in each jurisdiction in which your business activities or the nature of the properties you own require such qualification; ***(c)*** your corporate charter or written partnership or limited liability company agreement, as applicable, will at all times provide that your activities are confined exclusively to the development and operation of the Franchised Business. You warrant and represent that neither you nor any of your Affiliates or Owners own, operate, or have any financial or beneficial interest in any business that is the same as or similar to a XP League Unit; and ***(d)*** The execution of this Agreement and the performance of the transactions contemplated by this Agreement are within your corporate power, or if you are a partnership or a limited liability company, are permitted under its written partnership or limited liability company agreement and have been duly authorized.

[_____] 14.2.2. You represent and warrant that to your actual knowledge: (i) neither Developer nor its officers, directors, managers, members, partners, shareholders, or other individual who own or manage the affairs of Developer, nor any Developer affiliate or related party, or any funding source for any Unit, is identified on the lists of Blocked Persons, Specially Designated Nationals, Specially Designated Terrorists, Specially Designated Global Terrorists, Foreign Terrorists Organizations, and Specially Designated Narcotics Traffickers at the United States Department of Treasury's Office of Foreign Assets Control (OFAC), or the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, commonly known as the "**USA Patriot Act**," as such lists may be amended from time to time (collectively, "**Blocked Person(s)**"); (ii) neither Developer nor any Developer affiliate or related party is directly or indirectly owned or controlled by the government of any country that is subject to an embargo imposed by the United States government; (iii) neither Developer nor any Developer affiliate or related party is acting on behalf of the government of, or is involved in business arrangements or other transactions with, any country that is subject to such an embargo; (iv) neither Developer nor any Developer affiliate or related party are on the United States Department of Commerce Denied Persons, Entity and Unverified Lists, or the United States Departments of State's Debarred List, as such lists may be amended from time to time (collectively, the "**Lists**"); (v) neither Developer nor any Developer affiliate or related party, during the term of this Agreement, will be on any of the Lists or identified as a Blocked Person; and (vi) during the term of this Agreement, neither Developer nor any Developer affiliate or related party will sell products, goods or services to, or otherwise enter into a business arrangement with, any person or entity on any of the Lists or identified as a Blocked Person. Developer agrees to notify Franchisor in writing immediately upon the occurrence of any act or event that would render any of these representations incorrect.

[_____] 14.2.3. You represent and warrant to Franchisor that there are no other agreements, court orders, or any other legal obligations that would preclude or in any manner restrict you from: (a) negotiating and entering into this Agreement; (b) exercising its rights under this Agreement; and/or (c) fulfilling its responsibilities under this Agreement.

[_____] 14.2.4. You represent to Franchisor, as an inducement to entry into this Agreement, that Developer has made no misrepresentations in obtaining the franchise.

The acknowledgments in Sections 14.2.5 through 14.2.8 below apply to all franchisees and franchises except not to any franchisees and franchises that are subject to the state franchise registration/disclosure laws in California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

[_____] 14.2.5. You represent to Franchisor that neither Franchisor nor its agents or representatives have made any representations, except for information that may have been contained in Item 19 of the franchise disclosure document delivered to you in connection with your purchase of an XP League franchise.

[_____] 14.2.6. You acknowledge that you have received a complete copy of Franchisor's franchise disclosure document at least 14 calendar days before you signed this Agreement or paid any consideration to Franchisor for your franchise rights.

[_____] 14.2.7. You acknowledge that you have read the terms of this Agreement and its attachments, and that you have had ample time and opportunity to consult with an attorney or business advisor of your choice about the potential risks and benefits of entering into this Agreement.

[_____] 14.2.8. INVESTIGATION OF THE BUSINESS POSSIBILITIES. DEVELOPER ACKNOWLEDGES THAT IT HAS CONDUCTED AN INDEPENDENT INVESTIGATION OF THE BUSINESS OF DEVELOPING AND OPERATING AN XP LEAGUE, AND RECOGNIZES THAT THE BUSINESS VENTURE CONTEMPLATED BY THIS AGREEMENT INVOLVES BUSINESS RISKS AND THAT ITS SUCCESS WILL BE LARGELY DEPENDENT UPON THE ABILITY OF DEVELOPER (OR, IF DEVELOPER IS A CORPORATION, PARTNERSHIP OR LIMITED LIABILITY COMPANY, THE ABILITY OF ITS PRINCIPALS) AS (AN) INDEPENDENT BUSINESSPERSON(S). FRANCHISOR EXPRESSLY DISCLAIMS THE MAKING OF, AND DEVELOPER ACKNOWLEDGES THAT IT HAS NOT RECEIVED, ANY WARRANTY OR GUARANTEE, EXPRESS OR IMPLIED, AS TO THE POTENTIAL VOLUME, PROFITS, OR SUCCESS OF THE BUSINESS VENTURE CONTEMPLATED BY THIS AGREEMENT. DEVELOPER ACKNOWLEDGES THAT THIS AGREEMENT CONTAINS ALL ORAL AND WRITTEN AGREEMENTS, REPRESENTATIONS AND ARRANGEMENTS BETWEEN THE PARTIES, AND ANY RIGHTS WHICH THE RESPECTIVE PARTIES HERETO MAY HAVE HAD UNDER ANY OTHER PREVIOUS CONTRACT (WHETHER ORAL OR WRITTEN) ARE HEREBY CANCELLED AND TERMINATED, AND NO REPRESENTATIONS OR WARRANTIES ARE MADE OR IMPLIED, EXCEPT AS SPECIFICALLY SET FORTH HEREIN. DEVELOPER FURTHER ACKNOWLEDGES THAT IT HAS NOT RECEIVED OR RELIED ON ANY REPRESENTATIONS ABOUT THE FRANCHISE BY THE FRANCHISOR, OR ITS OFFICERS, DIRECTORS, EMPLOYEES OR AGENTS, THAT ARE CONTRARY TO THE STATEMENTS MADE IN THE FRANCHISOR'S FRANCHISE DISCLOSURE DOCUMENT OR TO THE TERMS AND CONDITIONS CONTAINED HEREIN.

[SIGNATURE PAGE FOLLOWS.]

IN WITNESS WHEREOF, the parties have executed this Agreement to be effective on the Effective Date set forth above.

FRANCHISOR:	**DEVELOPER:**
XP LEAGUE FRANCHISE, LLC, a Delaware limited liability company	[_____], a [_____]
By: _____ Carisa Findley, its President	By: _____ [_____], its [_____]

STATE SPECIFIC ADDENDA / RIDERS TO DEVELOPMENT AGREEMENT

NO WAIVER OR DISCLAIMER OF RELIANCE IN CERTAIN STATES

The following provision applies only to franchisees and franchises that are subject to the state franchise registration/disclosure laws in California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, or Wisconsin:

> No statement, questionnaire, or acknowledgement signed or agreed to by you 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 us, any franchise seller, or any other person acting on our behalf. This provision supersedes any other term of any document executed in connection with the franchise.

ILLINOIS RIDER
TO XP LEAGUE DEVELOPMENT AGREEMENT

Supplemental Disclosure: In addition to your Initial Investment and other required fees, Item 6 of the disclosure document contains 8 pages of "Other Fees" that you must pay to the Franchisor. Make sure to review Item 6 so that you understand the financial commitment you are making.

This Rider is entered into this ___ day of _____, 20__, by and between XP LEAGUE FRANCHISE, LLC ("Franchisor," "we," "us," or "our"), and _____ ("Franchisee," "you," or "your").

This Rider relates to franchises sold in Illinois and is intended to comply with Illinois statutes and regulations. The parties agree to modify the Development Agreement as follows:

1. Governing Law. Section 11.1 of the Development Agreement is deleted. The Illinois Franchise Regulations, Section 200.608, require that Illinois law govern franchise agreements entered into in Illinois.

2. Jurisdiction. The following language is added to the end of Section 11.4 of the Development Agreement:

   In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in this Agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, this Agreement may provide for arbitration to take place outside of Illinois.

3. Termination. The following language is added at the beginning of Section 9 of the Development Agreement:

   If anything in this Section concerning termination is inconsistent with Section 19 of the Illinois Franchise Disclosure Act of 1987, then the Act shall apply. You rights upon Termination are set forth in sections 19 and 20 of the Act.

4. Waiver of Jury Trial. The following language is added to the end of Section 11.6 of the Development Agreement:

   However, this waiver shall not apply to the extent prohibited by Section 705/41 of the Illinois Franchise Disclosure Act of 1987 or Illinois Regulations at Section 260.609.

5. Section 41 of the Illinois Franchise Disclosure Act of 1987 states that any condition, stipulation, or provision purporting to bind any person acquiring a franchise to waive compliance with any provision of the Act or any other law of Illinois is void. Section 41 will control over any inconsistent provisions in the Development Agreement.

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

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties have executed this Rider to the Development Agreement on the date stated on the first page.

FRANCHISOR:	**DEVELOPER:**
XP LEAGUE FRANCHISE, LLC, a Delaware limited liability company	[_____], a [_____]
By: _____ Carisa Findley, its President	By: _____ [_____], its [_____]

INDIANA RIDER
TO XP LEAGUE DEVELOPMENT AGREEMENT

This Rider is entered into this ___ day of _____, 20__, by and between XP LEAGUE FRANCHISE, LLC ("we," "us," or "our"), and _____ ("Franchisee," "you," or "your").

This Rider relates to franchises sold in Indiana and is intended to comply with the Indiana statutes and regulations. The parties agree to supplement the Development Agreement as follows:

1. Pursuant to Section 23.2-2.7-1 of the Indiana Code, it is unlawful for any franchise agreement entered into between any franchisor and a franchisee who is either a resident of Indiana or a nonresident who will be operating a franchise in Indiana to contain any of the following provisions:

(1) Requiring goods, supplies, inventories, or services to be purchased exclusively from the franchisor or sources designated by the franchisor where such goods, supplies, inventories, or services of comparable quality are available from sources other than those designated by the franchisor. However, the publication by the franchisor of a list of approved suppliers of goods, supplies, inventories, or service or the requirement that such goods, supplies, inventories, or services comply with specifications and standards prescribed by the franchisor does not constitute designation of a source nor does a reasonable right of the franchisor to disapprove a supplier constitute a designation. This subdivision does not apply to the principal goods, supplies, inventories, or services manufactured or trademarked by the franchisor.

(2) Allowing the franchisor to establish a franchisor-owned outlet engaged in a substantially identical business to that of the franchisee within the exclusive territory granted the franchisee by the Development Agreement; or, if no exclusive territory is designated, permitting the franchisor to compete unfairly with the franchisee within a reasonable area.

(3) Allowing substantial modification of the Development Agreement by the franchisor without the consent in writing of the franchisee.

(4) Allowing the franchisor to obtain money, goods, services, or any other benefit from any other person with whom the franchisee does business, on account of, or in relation to, the transaction between the franchisee and the other person, other than for compensation for services rendered by the franchisor, unless the benefit is promptly accounted for, and transmitted to the franchisee.

(5) Requiring the franchisee to prospectively assent to a release, assignment, novation, waiver, or estoppel which purports to relieve any person from liability to be imposed by this chapter or requiring any controversy between the franchisee and the franchisor to be referred to any person, if referral would be binding on the franchisee. This subdivision does not apply to arbitration before an independent arbitrator.

(6) Allowing for an increase in prices of goods provided by the franchisor which the franchisee had ordered for private retail consumers prior to the franchisee's receipt of an official price increase notification. A sales contract signed by a private retail consumer shall constitute evidence of each order. Price changes applicable to new models of a product at the time of introduction of such new models shall not be considered a price increase. Price increases caused by conformity to a state or federal law, or the revaluation of the United States dollar in the case of foreign-made goods, are not subject to this subdivision.

(7) Permitting unilateral termination of the franchise if such termination is without good cause or in bad faith. Good cause within the meaning of this subdivision includes any material violation of the Development Agreement.

(8) Permitting the franchisor to fail to renew a franchise without good cause or in bad faith. This chapter shall not prohibit a Development Agreement from providing that the agreement is not renewable upon expiration or that the agreement is renewable if the franchisee meets certain conditions specified in the agreement.

(9) Requiring a franchisee to covenant not to compete with the franchisor for a period longer than three (3) years or in an area greater than the exclusive area granted by the Development Agreement or, in absence of such a provision in the agreement, an area of reasonable size, upon termination of or failure to renew the franchise.

(10) Limiting litigation brought for breach of the agreement in any manner whatsoever.

(11) Requiring the franchisee to participate in any:

(A) advertising campaign or contest;

(B) promotional campaign;

(C) promotional materials; or

(D) display decorations or materials;

at an expense to the franchisee that is indeterminate, determined by a third party, or determined by a formula, unless the Development Agreement specifies the maximum percentage of gross monthly sales or the maximum absolute sum that the franchisee may be required to pay.

2. If the Development Agreement contains a provision that is inconsistent with the Indiana Code, the provisions of the Indiana Code will supersede the Development Agreement.

3. This Rider will have effect only if the Development Agreement and/or the relationship between you and Franchisor satisfy all of the jurisdictional requirements of the Indiana Code, without considering this Rider. Except as expressly modified by this Rider, the Development Agreement remains unmodified and in full force and effect.

IN WITNESS WHEREOF, the parties have executed this Rider to the Development Agreement on the date stated on the first page.

FRANCHISOR:	**DEVELOPER:**
XP LEAGUE FRANCHISE, LLC, a Delaware limited liability company	[_____], a [_____]
By: _____ Carisa Findley, its President	By: _____ [_____], its [_____]

MARYLAND RIDER
TO XP LEAGUE DEVELOPMENT AGREEMENT

This Rider is entered into this ___ day of _____, 20__, by and between XP LEAGUE FRANCHISE, LLC ("we," "us," or "our"), and _____ ("Franchisee," "you," or "your").

In recognition of the Maryland Franchise Registration and Disclosure Law, Maryland Stat. §§ 14-201 to 14-233, and the Rules and Regulations promulgated thereunder, the parties agree to modify the Development Agreement as follows:

1. Fees. The following language is added to the end of Section 3 of the Development Agreement:

   Based upon our financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, we have secured a surety bond in the amount of $105,000 from The Ohio Casualty Insurance Company. A copy of the surety bond is on file at the Maryland Office of the Attorney General, Securities Division, 200 St. Paul Place, Baltimore, Maryland 21202.

2. Releases. Section 4.5.4(c) and Section 8 are each amended to add the following:

   This release will not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

3. Entire Agreement. Section 13.1 is amended by adding the following:

   Notwithstanding anything to the contrary in this Agreement, you are not required to waive any of your rights under the Maryland Franchise Registration and Disclosure Law with regard to our prior representations.

4. Time Limit on Filing. Section 11.8 is amended by adding the following:

   The foregoing limitation on the period of time arbitration and/or litigation claims must be brought shall not act to reduce the 3-year statute of limitations afforded a franchisee for bringing a claim arising under the Maryland Franchise Registration and Disclosure Law. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

5. Representations of Developer. Sections 14.2.5 through 14.2.8 of the Development Agreement are hereby deleted.

6. This Rider will have effect only if the Development Agreement and/or the relationship between Franchisor and you satisfy all of the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law, without considering this Rider. Except as expressly modified by this Rider, the Development Agreement remains unmodified and in full force and effect.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties have executed this Rider to the Development Agreement on the date stated on the first page.

FRANCHISOR:	**DEVELOPER:**
XP LEAGUE FRANCHISE, LLC, a Delaware limited liability company	[_____], a [_____]
By: _____ Carisa Findley, its President	By: _____ [_____], its [_____]

MINNESOTA RIDER
TO XP LEAGUE DEVELOPMENT AGREEMENT

This Rider is entered into this ___ day of _____, 20__, by and between XP LEAGUE FRANCHISE, LLC ("we," "us," or "our"), and _____ ("Franchisee," "you," or "your").

In recognition of the Minnesota Franchises Law, Minn. Stat. §§ 80C.01-80C.22, and the Rules and Regulations promulgated thereunder by the Minnesota Commissioner of Commerce, the parties agree to modify the Development Agreement as follows:

1. Releases. The following sentence is added to Section 4.5.4(3) and Section 8:

   Notwithstanding the foregoing, Franchisee will not be required to assent to a release, assignment, novation, or waiver that would relieve any person from liability imposed by Minnesota Statute §§ 80C.01 - 80C.22, provided that the foregoing shall not bar the voluntary settlement of disputes.

2. Term and Successor Development Agreement; Default and Termination. Sections 2 and 9 are each amended by adding the following:

   Notwithstanding anything to the contrary in Sections 2 and 9, Franchisor will comply with Minnesota Statutes Clause 80C.14, Subdivision 3, 4, and 5, which require, except in certain cases, that Minnesota franchisees be given 90 days notice of termination (with 60 days to cure) and 180 days notice for non-renewal of the Development Agreement.

3. Time Limit on Filing. Section 11.8 is amended to add the following:

   Notwithstanding anything to the contrary in this Section, any claim or action arising out of or relating to the Minnesota Franchises Law must be commenced within three (3) years from the occurrence of the facts giving rise to the claim or action, or the claim or action is barred.

4. Jurisdiction and Venue. Section 11 is amended to add the following:

   Under Minnesota Statutes Section 80C.21, this section will not in any way abrogate or reduce any rights of the Franchisee as provided for in Minnesota Statutes, Chapter 80C, including the right to submit matters to the jurisdiction of the courts in Minnesota. Minnesota Statutes Section 80C.21 and Minnesota Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota.

5. Entire Agreement. Section 13.1 is amended by adding the following:

   Pursuant to Minn. Stat. § 80C.21 and Minn. Rule Part 2860.4400J, nothing in the Agreement shall in any way abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80

6. This Rider will have effect only if the Development Agreement and/or the relationship between you and Franchisor satisfy all of the jurisdictional requirements of Minnesota Statutes §§ 80C.01 - 80C.22. Except as expressly modified by this Rider, the Development Agreement remains unmodified and in full force and effect.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties have executed this Rider to the Development Agreement on the date stated on the first page.

FRANCHISOR:	**DEVELOPER:**
XP LEAGUE FRANCHISE, LLC, a Delaware limited liability company	[_____], a [_____]
By: _____ Carisa Findley, its President	By: _____ [_____], its [_____]

NEW YORK RIDER
TO XP LEAGUE DEVELOPMENT AGREEMENT

This Rider is entered into this ___ day of _____, 20__, by and between XP LEAGUE FRANCHISE, LLC ("we," "us," or "our"), and _____ ("Franchisee," "you," or "your").

In recognition of the requirements of the New York General Business Law, Article 33, Sections 680 through 695, and of the regulations promulgated thereunder (N.Y. Comp. Code R. & Regs., tit. 13, §§ 200.1 through 201.16), the parties agree to modify the Development Agreement as follows:

1. Any provision in the Development Agreement that is inconsistent with the New York General Business Law, Article 33, Sections 680 – 695 may not be enforceable.

2. Releases. Sections 4.5.4(C) and 8 are each amended to add the following:

   The foregoing release of claims against Franchisor does not release any claim you may have under New York General Business Law, Article 33, Sections 680-695.

3. Assignment by Franchisor. Section 8 is amended by adding the following:

   Franchisor will not assign its rights under the Development Agreement except to an assignee who in Franchisor's good faith judgment is willing and able to assume Franchisor's obligations under the Development Agreement.

4. Termination by Franchisee. Section 9 is amended by adding the following:

   You may terminate this Agreement on any grounds available by law under the provisions of Article 33 of the General Business Law of the State of New York.

5. Governing Law. Section 11.1 is amended by adding the following:

   Notwithstanding the foregoing, the New York General Business Law shall govern any claim arising under that law.

6. This Rider will have effect only if the Development Agreement and/or the relationship between Franchisor and you satisfy all of the jurisdictional requirements of New York General Business Law, without considering this Rider. Except as expressly modified by this Rider, the Development Agreement remains unmodified and in full force and effect.

IN WITNESS WHEREOF, the parties have executed this Rider to the Development Agreement on the date stated on the first page.

FRANCHISOR:	**DEVELOPER:**
XP LEAGUE FRANCHISE, LLC, a Delaware limited liability company	[_____], a [_____]
By: _____ Carisa Findley, its President	By: _____ [_____], its [_____]

NORTH DAKOTA RIDER
TO XP LEAGUE DEVELOPMENT AGREEMENT

This Rider is entered into this ___ day of _____, 20__, by and between XP LEAGUE FRANCHISE, LLC ("we," "us," or "our"), and _____ ("Franchisee," "you," or "your").

In recognition of the requirements of the North Dakota Franchise Investment Law, the parties agree to modify the Development Agreement as follows:

1. In Sections 4.5.4(c) of the Development Agreement, any reference to a requirement to sign a general release is hereby deleted.

2. Article 6 of the Development Agreement is hereby amended by the addition of the following language to the original language that appears there:

"Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota."

3. Section 9.8. of the Development Agreement referring to liquidated damages is hereby deleted.

4. In Section 11.1, the word "Texas" is replaced with the words "North Dakota."

5. Sections 11.2 and 11.3 of the Development Agreement are hereby amended with the following:

"The site of the arbitration or mediation must be agreeable to all parties and not be remote from the franchisee's (or Developer's) place of business."

6. In Section 11.4 of the Development Agreement, in order to comply with Section 51-19-09 of the North Dakota Franchise Investment Law, any references to the consent to jurisdiction of courts in Texas are hereby deleted.

7. In Section 11.6 of the Development Agreement, all references to waiver of trial by jury in the Development Agreement are hereby deleted.

8. In Section 11.7 of the Development Agreement, all references to the consent to a waiver of exemplary and punitive damages are hereby deleted.

9. Section 11.8. of the Development Agreement is hereby amended by the addition of the following language to the original language that appears there:

"The statute of limitations under North Dakota Law will apply."

IN WITNESS WHEREOF, the parties have executed this Rider to the Development Agreement on the date stated on the first page.

FRANCHISOR:	**DEVELOPER:**
XP LEAGUE FRANCHISE, LLC, a Delaware limited liability company	[_____], a [_____]
By: _____ Carisa Findley, its President	By: _____ [_____], its [_____]

RHODE ISLAND RIDER
TO XP LEAGUE DEVELOPMENT AGREEMENT

This Rider is entered into this ___ day of _____, 20__, by and between XP LEAGUE FRANCHISE, LLC ("we," "us," or "our"), and _____ ("Franchisee," "you," or "your").

In recognition of the Rhode Island Franchise Investment Act, §§ 19-28.1-1 through 19-28.1-34, the parties agree to modify the Development Agreement as follows:

1. Governing Law. Section 11.1 is amended by adding the following:

   Notwithstanding the foregoing, Rhode Island law governs any claim arising under the Rhode Island Franchise Investment Act.

2. Jurisdiction and Venue. Section 11.4 is amended by adding the following:

   Notwithstanding the foregoing, you have the right to file any arbitration action under the Rhode Island Franchise Investment Act in Rhode Island.

3. This Rider will have effect only if the Development Agreement and/or the relationship between you and Franchisor satisfy all of the jurisdictional requirements of the Rhode Island Franchise Investment Act, without considering this Rider. Except as expressly modified by this Rider, the Development Agreement remains unmodified and in full force and effect.

IN WITNESS WHEREOF, the parties have executed this Rider to the Development Agreement on the date stated on the first page.

FRANCHISOR:	**DEVELOPER:**
XP LEAGUE FRANCHISE, LLC, a Delaware limited liability company	[_____], a [_____]
By: _____ Carisa Findley, its President	By: _____ [_____], its [_____]

WASHINGTON RIDER
TO XP LEAGUE DEVELOPMENT AGREEMENT

This Rider is entered into this ___ day of _____, 20__, by and between XP LEAGUE FRANCHISE, LLC ("we," "us," or "our"), and _____ ("Franchisee," "you," or "your").

In recognition of the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder, the parties agree to modify the Development Agreement as follows:

1. The state of Washington has a statute, the Washington Franchise Investment Protection Act (the "Act"), Section 19.100.180 of which may supersede this Agreement in your relationship with us, including in the areas of termination and renewal of your franchise. There also may be court decisions that may supersede this Agreement in your relationship with us, including in the areas of termination and renewal of your franchise.

2. In the event of a conflict of laws, the provisions of the Act shall prevail.

3. In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

4. A release or waiver of rights executed by you may not include rights under the Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

5. Transfer fees are collectable to the extent that they reflect our reasonable estimated or actual costs in effecting a transfer.

6. Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of yours, unless the employee's earnings from the party seeking enforcement, when annualized, exceed $100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of yours under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed $250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the Development Agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

7. RCW 49.62.060 prohibits us from restricting, restraining, or prohibiting you from (i) soliciting or hiring any employee of a franchisee of ours or (ii) soliciting or hiring any employee of ours. As a result, any such provisions contained in the Development Agreement or elsewhere are void and unenforceable in Washington.

8. Securities offering fees shall be limited to our reasonable costs and expenses in reviewing your security offering documents.

9. Any capitalized terms that are not defined in this Rider shall have the meaning given them in the Development Agreement.

10. Except as expressly modified by this Rider, the Development Agreement remains unmodified in full force and effect.

11. This Rider may be executed in multiple counterparts, each of which when executed and delivered shall be deemed an original and all of which together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page of this Rider by electronic transmission (including PDF) shall be as effective as delivery of a manually executed counterpart of this Rider.

IN WITNESS WHEREOF, the parties have executed this Rider to the Development Agreement on the date stated on the first page.

FRANCHISOR:	**DEVELOPER:**
XP LEAGUE FRANCHISE, LLC, a Delaware limited liability company	[_____], a [_____]
By: _____ Carisa Findley, its President	By: _____ [_____], its [_____]

XP LEAGUE FRANCHISE, LLC
DEVELOPMENT AGREEMENT

ATTACHMENT A

GLOSSARY OF ADDITIONAL TERMS

"**Affiliate**" means any entity that is wholly or partly owned by another entity, that shares common ownership with another entity, or that has an ownership interest in another entity.

"**Affiliated Brand**" is a non-XP League franchise operated by affiliates owned or operated by Unleashed Brands, LLC.

"**Affiliated Division**" means an XP League Division that is established and operated within a designated area on the premises of an Affiliated Brand. Affiliated Division franchisees may also offer approved products and services on a mobile basis at authorized third party sites located within the franchisee's approved territory as defined in the Franchise Agreement.

"**Business Entity**" means a corporation, limited liability company, limited partnership, or other entity created pursuant to statutory authority.

"**Competitive Business**" means any business or facility (at a fixed location or on a mobile basis) owning, operating or managing or granting franchises or licenses to others to do so, any studio, school, store, business, service, event or facility that features or provides i) Esports league coaching, competitions, coach-led athletics and other resources, camps, and special events utilizing the Esports ecosystem to elementary and middle school aged children that are the same or similar to the Products and Services offered by XP League Divisions (other than a XP League Division under a franchise agreement with us), ii) a LAN center, or iii) any business offering video game tournaments or recreational or competitive game leagues. A Competitive Business also includes any business acting as an area representative, franchise broker, business broker, franchise seller, area representative or the like for any business franchising or licensing Competitive Businesses other than us. During the term of the Franchise Agreement, you must provide us with ninety (90) days' notice before you purchase any other franchise.

"**Confidential Information**" means all information, knowledge, elements, trade secrets, and know-how utilized or embraced by the System, or which otherwise concerns Franchisor's systems of operation, programs, services, products, customers, practices, materials, books, records, financial information, manuals, computer files, databases, or software; including, but not limited to: the Standards and all elements of the System and all products, services, equipment, technologies, policies, standards, requirements, criteria, and procedures which now or in the future are a part of the System; all information contained in the Manual, including supplements to the Manual; Franchisor's standards and specifications for product preparation, packaging, and service; all specifications, sources of supply, all procedures, systems, techniques and activities employed by Franchisor or by you in the offer and sale of products and/or services at or from the Franchised Business premises; all pricing paradigms established by Franchisor or by you; all of Franchisor's and/or your sources, or prospective sources, of supply and all information pertaining to same, including wholesale pricing structures, the contents of sourcing agreements, and the identity of vendors and suppliers; Franchisor's specifications, and your final plans, for the construction, buildout, design, renovation, décor, equipment, signage, furniture, fixtures and trade dress elements of your Franchised Business premises; the identify of, and all information relating to, the computer and POS hardware and software utilized by Franchisor and you; all information and data pertaining to Franchisor's and/or your advertising, marketing, promotion, and merchandising campaigns, activities, materials, specifications and procedures; all customer lists and records generated and/or otherwise maintained by your Franchised Business; all internet/web protocols, procedures, and content related to the System and your Franchised Business; Franchisor's training and other instructional programs and materials; all elements of Franchisor's recommended staffing, staff training, and staff certification policies and procedures; all communications between you and Franchisor, including the financial and other reports you are required to

submit to Franchisor under this Agreement; additions to, deletions from, and modifications and variations of the components of the System and the other systems and methods of operations which Franchisor employs now or in the future; all other knowledge, trade secrets, or know-how concerning the methods of operation of your Franchised Business which may be communicated to you, or of which you may be apprised, by virtue of operation under the terms of the Franchise Agreement; and all other information, knowledge, and know-how which either Franchisor or its Affiliates, now or in the future, designate as "Confidential Information."

"**Controlling Interest**" means: **(a)** if you are a corporation or a limited liability company, that the Owners, either individually or cumulatively **(i)** directly or indirectly own at least 50% of the shares of each class of the developer entity's issued and outstanding capital stock or membership units, as applicable; and **(ii)** are entitled, under its governing documents and under any agreements among the Owners, to cast a sufficient number of votes to require such entity to take or omit to take any action which such entity is required to take or omit to take under this Agreement; or **(b)** if you are a partnership, that the Owners **(i)** own at least 51% interest in the operating profits and operating losses of the partnership as well as at least 51% ownership interest in the partnership (and at least 51% interest in the shares of each class of capital stock of any corporate general partner); and **(ii)** are entitled under its partnership agreement or applicable law to act on behalf of the partnership without the approval or consent of any other partner or be able to cast a sufficient number of votes to require the partnership to take or omit to take any action which the partnership is required to take or omit to take under this Agreement.

"**Copyrighted Works**" means works of authorship which are owned by Franchisor and fixed in a tangible medium of expression including, without limitation, the content of the Manual, the design elements of the Marks, Franchisor's product packaging and advertising and promotional materials, and the content and design of Franchisor's Web site and advertising and promotional materials.

"**Development Area Name**," as defined on the Summary Page, shall mean the general identifying name for the Developer's Development Area, and does not endow any greater area than the Development Area map identified in Attachment B.

"**Development Period**" means each of the time periods indicated on Attachment B during which you shall have the right and obligation to construct, equip, open and thereafter continue to operate XP League Units.

"**Force Majeure**" means acts of God (such as tornadoes, earthquakes, hurricanes, floods, fire or other natural catastrophe); strikes, lockouts or other industrial disturbances; war, terrorist acts, riot, or other civil disturbance; epidemics; or other similar forces which you could not by the exercise of reasonable diligence have avoided; provided however, that neither an act or failure to act by a Governmental Authority, nor the performance, non-performance or exercise of rights under any agreement with you by any lender, landlord, or other person shall be an event of Force Majeure under this Agreement, except to the extent that such act, failure to act, performance, non-performance or exercise of rights results from an act which is otherwise an event of Force Majeure. Your financial inability to perform or your insolvency shall not be an event of Force Majeure under this Agreement.

"**Franchise Agreement**" means the form of agreement prescribed by Franchisor and used to grant to you the right to own and operate a single XP League Division, including all attachments, exhibits, riders, guarantees or other related instruments, all as amended from time to time. A current form of Franchise Agreement is attached to the current franchise disclosure document, which shall be used for the first Unit. Franchisor reserves the right to modify this form and issue then-current form of franchise agreement under its then-current franchise disclosure document at the time you are ready to develop the second and any subsequent Units.

"**Owner**" means you if you are an individual, or each individual or entity holding more than a ten percent or greater equity interest in you if you are a Business Entity (regardless of voting rights), and the individual(s) or entity(ies) that enter into the Development Agreement if you are a Business Entity. It

includes all officers, directors, and shareholders of a corporation, all managers and members of a limited liability company, all general and limited partners of a limited partnership, and the grantor and the trustee of the trust. If any Owner is a Business Entity, then the term "Owner" also includes the Owners of that Business Entity.

"**XP League Center**" or "**Center**" means an XP League Division business that is established and operated from a permanent, retail storefront at a location approved by Franchisor and offering and providing approved products and services on-site on a full-time basis and regularly scheduled hours. Center franchisees may also offer Services on a mobile basis at authorized third party sites located within the franchisee's approved territory defined in the Franchise Agreement.

XP LEAGUE FRANCHISE, LLC
DEVELOPMENT AGREEMENT

ATTACHMENT B

DEVELOPMENT SCHEDULE AND DEVELOPMENT AREA

Section 1.1.1.: The "Development Area" includes the following zip codes in the attached map: _____; if there is a conflict between the zip codes and the map below, the boundaries of the map control:

[MAP]

Section 1.1.1.: For XP League Centers and Affiliated Divisions to be located in Affiliated Brand's approved locations that are already open, the "Development Schedule" is as follows:

Unit Number	Franchise Agreement Execution Date	Deadline to Execute Lease	Projected Opening Date	Cumulative Number of Units to be Open and Operating by Developer in the Development Area
1	Concurrently with this Development Agreement	Six (6) months from the Effective Date	120 days from the Effective Date of Unit #1, and (if a Center or Affiliated Division), open the premises within six (6) months from the lease agreement effective date of Unit #1	**1**
2	12 months from the Effective Date of the Development Agreement	Six (6) months from the Franchise Agreement Execution Date for Unit #2	120 days from the Effective Date of Unit #2, and (if a Center or Affiliated Division), open the premises within six (6) months from the lease agreement effective date of Unit #2	**2**
3	24 months from the Effective Date of the Development Agreement	Six (6) months from the Franchise Agreement Execution Date for Unit #3	120 days from the Effective Date of Unit #3, and (if a Center or Affiliated Division), open the premises within six (6) months from the lease agreement effective date of Unit #3	**3**

For XP League Divisions to be located in Affiliated Brands' approved locations under construction, the Development Schedule shall be the same as the development schedule in the corresponding Affiliated Brands' development agreement. For purposes of clarity, such development schedule is:

[Development Schedule from the Affiliated Brands' development agreement]

For the purposes of determining compliance with this Development Schedule, only the Units Developer actually opens and continuously operates in the Development Area for at least the first six (6) months after opening will be counted toward the number of Units required to be open and operated above.

IN WITNESS WHEREOF, the parties hereof have executed this Attachment B effective for all purposes as of the Effective Date.

FRANCHISOR:	**DEVELOPER:**
XP LEAGUE FRANCHISE, LLC, a Delaware limited liability company	[_____], a [_____]
By: _____ Carisa Findley, its President	By: _____ [_____], its [_____]

XP LEAGUE FRANCHISE, LLC
DEVELOPMENT AGREEMENT

ATTACHMENT C

DEVELOPER'S OWNERS AND KEY PERSONNEL

A. The following is a list of all shareholders, partners, members, or other investors owning a direct or indirect interest in the Developer, and a description of the nature of their interest, and each Owner of whom shall execute the Undertaking and Guaranty substantially in the form set forth in Attachment D to the Development Agreement:

NAME, ADDRESS, TELEPHONE NUMBER, AND EMAIL	OWNERSHIP INTERESTIN DEVELOPER	NATURE OF INTEREST

B. Developer's Designated Manager is:
Telephone Number:
Email Address:

C. Developer represents to Franchisor that the persons identified in this Attachment C reflect a true and correct listing of the shareholders, partners, members, or other persons/companies owning a direct or indirect interest in the Developer and a true and correct description of the nature of their interest.

FRANCHISOR:

XP LEAGUE FRANCHISE, LLC,
a Delaware limited liability company

By: _____
Carisa Findley, its President

DEVELOPER:

[_____],
a [_____]

By: _____
[_____], its [_____]

XP LEAGUE FRANCHISE, LLC
DEVELOPMENT AGREEMENT

ATTACHMENT D

UNDERTAKING AND GUARANTY

By virtue of executing a XP League Development Agreement ("Development Agreement") dated , ("Developer") has acquired the right and franchise from XP League Franchise, LLC ("Franchisor") to establish and operate a XP League Franchised Business ("Franchised Business") and the right to use in the operation of the Franchised Business the Marks and the System, as they may be changed, improved, and further developed from time-to-time in Franchisor's sole discretion.

Pursuant to the terms and conditions of the Development Agreement, each of the undersigned hereby acknowledges and agrees as follows:

1. I have read the terms and conditions of the Development Agreement and acknowledge that the execution of this Undertaking and Guaranty and the undertakings of the Owners in the Development Agreement are in partial consideration for, and a condition to, the granting of the rights under the Development Agreement. I understand and acknowledge that Franchisor would not have granted such rights without the execution of this Undertaking and Guaranty and the other undertakings of the Owners in the Development Agreement.

2. I own a beneficial interest in the Developer, and I am included within the term "Owner" as defined in the Development Agreement.

3. I, individually and jointly and severally with the other Owners, hereby make all of the covenants, representations, warranties, and agreements of the Owners set forth in the Development Agreement, and agree that I am obligated to and will perform thereunder, including, without limitation, the provisions regarding compliance with the Development Agreement in Section 5.3., the use of confidential information in Section 6.1., the covenants in Article 6, the transfer provisions in Article 8, the choice of law and venue provisions in Article 11, and the indemnification obligations in Article 7.

4. I, individually and jointly and severally with the other Owners, unconditionally and irrevocably guarantee to Franchisor and its successors and assigns that all obligations of the Developer under the Development Agreement will be punctually paid and performed. Upon default by the Developer or upon notice from Franchisor, I will immediately make each payment and perform each obligation required of the Developer under the Development Agreement. Without affecting the obligations of any Owner under this or any other Undertaking and Guaranty, Franchisor may, without notice to any Owner, waive, renew, extend, modify, amend, or release any indebtedness or obligation of the Developer or settle, adjust, or compromise any claims that Franchisor may have against the Developer. I waive all demands and notices of every kind with respect to the enforcement of this Undertaking and Guaranty, including notices of presentment, demand for payment or performance by the Developer, any default by the Developer or any guarantor, and any release of any guarantor or other security for this Undertaking and Guaranty or the obligations of the Developer. Franchisor may pursue its rights against me without first exhausting its remedies against the Developer and without joining any other guarantor and no delay on the part of Franchisor in the exercise of any right or remedy will operate as a waiver of the right or remedy, and no single or partial exercise by Franchisor of any right or remedy will preclude the further exercise of that or any other right or remedy. Upon Franchisor's receipt of notice of the death of any Owner, the estate of the deceased will be bound by the foregoing Undertaking and Guaranty, but only for defaults and obligations under the Development Agreement existing at the time of death, and in that event, the obligations of the Owners who survive such death will continue in full force and effect.

5. No modification, change, impairment, or suspension of any of Franchisor's rights or remedies shall in any way affect any of my obligations under this Undertaking and Guaranty. If the Developer has pledged

other security or if one or more other persons have personally guaranteed performance of the Developer's obligations, I agree that Franchisor's release of such security will not affect my liability under this Undertaking and Guaranty.

6. I agree that any notices required to be delivered to me will be deemed delivered at the time delivered by hand; one Business Day after delivery by Express Mail or other recognized, reputable overnight courier; or three Business Days after placement in the United States Mail by Registered or Certified Mail, Return Receipt Requested, postage prepaid and addressed to the address identified on the signature line below. I may change this address only by delivering to Franchisor written notice of the change.

7. I understand that Franchisor's rights under this Undertaking and Guaranty shall be in addition to, and not in lieu of, any other rights or remedies available to Franchisor under applicable law.

8. I agree to be bound individually to the provisions of the Development Agreement including, without limitation, the litigation and dispute resolution provisions set forth in Article 23 and I irrevocably submit to the jurisdiction of the state and federal courts serving the judicial district in which Franchisor's principal headquarters are located at the time litigation is commenced. I hereby irrevocably submit to the exclusive jurisdiction of such courts and specifically waive any objection I may have to either the jurisdiction or exclusive venue of such courts.

9. **I WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, INVOLVING FRANCHISOR, WHICH ARISES OUT OF OR IS RELATED IN ANY WAY TO THE DEVELOPMENT AGREEMENT, THE PERFORMANCE OF ANY PARTY UNDER THE DEVELOPMENT AGREEMENT, AND/OR THE OFFER OR GRANT OF THE FRANCHISE**.

10. This Agreement shall be construed under the laws of the State of Texas. The only way this Agreement can be changed is in writing signed by Franchisor. Any capitalized terms contained in but not defined by this Undertaking and Guaranty shall have the same meaning prescribed to that word in the Development Agreement.

11. Should this Agreement be signed or endorsed by more than one person or entity, all of the obligations herein contained shall be considered the joint and several obligations of each signatory.

IN WITNESS WHEREOF, the undersigned, intending to be legally bound, has executed this Undertaking and Guaranty to be effective on the day and year first written above.

OWNER

[_____]	[_____]
[_____]	[_____]

EXHIBIT E

TO THE XP LEAGUE

FRANCHISE DISCLOSURE DOCUMENT

LIST OF CURRENT FRANCHISEES AND DEVELOPERS, FORMER FRANCHISEES AND DEVELOPERS, AND AFFILIATE-OWNED LOCATIONS

LIST OF FRANCHISEES AND DEVELOPERS
OPEN AS OF DECEMBER 31, 2022

STATE	BUSINESS ADDRESS	CITY	LOCATION NAME	FRANCHISEE	PHONE NUMBER
California	19770 Stevens Creek Blvd. Cupertino, CA 95014	Cupertino	Cupertino XPL	GA Ventures, LLC[XPC]	669-777-2633
	jonathancheung87@gmail.com	Irvine	Irvine, CA	JC & AS LLC[M]	626-864-3369
	1835 Newport Blvd. Costa Mesa, CA 92627	Newport Beach	Newport Beach, CA	Gamefuse, Inc.[XPC]	949-266-6988
	1065 Brea Mall Brea, California 92821	Orange County	North OC XPL	XP League North Orange County, LLC[XPC]	714-463-5175
	jonathancheung87@gmail.com	Orange County	Irvine of S. OC, CA (Laguna Hills, CA)	JC & AS LLC[M]	626-864-3369
	3579 E Foothill Blvd., Suite 721 Pasadena, CA 91107	Pasadena	Pasadena XPL	Clickstart, LLC[XPC]	626-989-1438
Colorado	9068 Forsstrom Dr., Suite C-10 Lone Tree, CO 80124	Lone Tree	Lone Tree XPL	Ascendant Gamers, Inc.[XPC]	303-506-6427
Florida	jennifer.vilela@xpleague.gg	Boynton	Wellington XPL	Esports Palm Beach, LLC[M]	561-903-5372
	laurismith@snapology.com	Lakeland	Lakeland XPL	LAR E LEE CORP.[M]	863-581-0271
	kurtasesor@alliancepma.com	Weston	Weston XPL	XPL Weston, LLC[M]	954-914-3783
	skitelyn@fullsail.edu	Winter Park	Winter Park	Kapman, LLC[M]	407-252-5995
Georgia	Lstrattan1@gmail.com	Acworth	Acworth XPL	ThinkStarter Inc.[M]	321-501-5153
	Lambo2two@gmail.com	Augusta	Augusta XPL	XP League - Augusta LLC[M]	810-869-3250
	lamarr.dixon@gmail.com	Powder Springs	Powder Springs XPL	Julius "Lamarr" Dixon[M]	404-759-3594
Maryland	101 W Ridgely Road Lutherville-Timonium, MD 21093	Lutherville-Timonium	Townson, MD	Two Pizza Entertainment, LLC[XPC]	443-846-8141
Michigan	51226 Romeo Plank Rd Macomb, MI 48042	Macomb	Macomb XPL	Macomb Esports, LLC[XPC]	248-909-6304
	10291 Green Rd. Goodrich, MI 48438	Oakland	NW Oakland XPL	Cottrell Gaming, LLC[XPC]	248-821-7097
Nebraska	80swerebest@gmail.com	Elkhorn	Elkhorn XPL	Esportsology LLC[M]	531-444-8988
New Mexico	To Be Determined	Albuquerque	E. Albuquerque XPL	ABQ XPL, LLC[XPC]	979-324-4606

STATE	BUSINESS ADDRESS	CITY	LOCATION NAME	FRANCHISEE	PHONE NUMBER
New York	paulb@snapology.com	Hicksville	Hicksville XPL	STEM of Nassau County Inc.[M]	516-557-1636
Ohio	bryan.vantell@gmail.com	Dublin	Dublin XPL	Mio One LLC[M]	614-404-4046
	9224 Darrow Rd., Suite W Twinsburg, OH 44087	Hudson	Hudson XPL	XP Gaming of Ohio, LLC[XPC]	330-285-3436
Pennsylvania	1225 Carlisle St. Hanover, PA 17331	Hanover	Hanover XPL	Two Pizza Entertainment, LLC[XPC]	717-408-1888
South Carolina	kmoubray1@yahoo.com	Simpsonville	Simpsonville XPL	McMama Enterprises, LLC[M]	717-880-8984
Texas	8127 Mesa Dr Austin, TX 78759	Austin	North Austin XPL	CC&C, Inc[XPC]	512-825-9713
	4706 N. Midkiff Rd. Midland, TX 79705	Midland	Midland XPL	XPL Midland TX, LLC[XPC]	432-530-8491
Utah	sureshpravina2@gmail.com	Lehi	Draper XPL	XPL Draper, LLC*[M]	801-513-0390
Virginia	510 S. Washington St. Falls Church, VA 22046	Falls Church	Falls Church XPL	5250 Game-Time, LLC[XPC]	202-812-2646
	modetocode@gmail.com	Loudoun	Loudoun XPL	Good Game, LLC[M]	703-728-2574
	13569 Midlothian Tpke. Midlothian, VA 23113	Midlothian	Midlothian XPL	First Tech Services LLC[XPC]	832-381-7931
Wisconsin	mark.schwabe@codeninjas.com	Brookfield	Brookfield XPL	Esports Brookfield, LLC[M]	414-617-1394
	jd.uhler@codeninjas.com	Madison	East Madison XPL	Esports Madison, LLC[M]	608-332-0036
	jd.uhler@codeninjas.com	Madison	Madison XPL	Prodigy Management, LLC[M]	608-332-0036

Key- * indicates Franchisee is also a Developer.
[M] – indicates Mobile XP League
[XPC] – indicates an XP League Center
[AF] – indicates an XP League Affiliated Division

FRANCHISEES WHO SIGNED FRANCHISE AGREEMENT BUT WERE NOT YET OPEN AS OF DECEMBER 31, 2022

STATE	BUSINESS ADDRESS	FRANCHISEE	PHONE NUMBER
Arizona	john.c.theobald@gmail.com	Red Mountain Esports, LLC[M]	309-275-2365
Louisiana	50 Park Place Dr., Ste. 200 Covington, LA 70433	Beacon Journey, LLC[XPC]	215-219-7651
New Jersey	trukrebew@yahoo.com	Kurt Weber[M]	908-294-1884
	positivevibrationsproductions@gmail.com	Dream Team Gaming, LLC[M]	615-300-4881

LIST OF CORPORATE OR AFFILIATE-OWNED OUTLETS
AS OF DECEMBER 31, 2022

NAME	ADDRESS	CITY	ST	ZIP	PHONE
Triangle XP, LLC	146 W Holly Springs Rd	Holly Springs	NC	27540	jay.m@xpleague.gg
XP11 Entertainment, LLC	1113 Murfreesboro Rd #410	Franklin	TN	37067	jeff.j@xpleague.gg

FRANCHISES WHOSE AGREEMENTS WERE TERMINATED, CANCELLED, TRANSFERRED, NOT RENEWED, OR WHO CEASED DOING BUSINESS AS OF DECEMBER 31, 2022 OR WHO HAS NOT COMMUNICATED WITH THE FRANCHISOR WITHIN 10 WEEKS OF THE DISCLOSURE DOCUMENT ISSUANCE DATE

STATE	BUSINESS ADDRESS	FRANCHISEE	PHONE NUMBER
California	1621 W 25th St, #121 San Pedro, CA 90732	Academic Mapping Corporation	310-801-2706
Connecticut	brendan@fast-campls.com	CT XP LLC*[M]	860-302-1139
Maryland	Paul.goodling@gmail.com	Chi Rho, LLC[M]	410-562-9148

Key- * indicates Franchisee is also a Developer.
[M] – indicates Mobile XP League
[XPC] – indicates an XP League Center
[AF] – indicates an XP League Affiliated Division

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

EXHIBIT F

TO THE XP LEAGUE

FRANCHISE DISCLOSURE DOCUMENT

FINANCIAL STATEMENTS

UA Holdings, LLC and Subsidiaries

Consolidated Financial Statements

December 31, 2022

V.2023.042823

UA Holdings, LLC and Subsidiaries

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December 31, 2022

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Independent Auditors' Report

To the Members and Management of
UA Holdings, LLC and Subsidiaries

Opinion

We have audited the consolidated financial statements of UA Holdings, LLC and Subsidiaries (the Company), which comprise the consolidated balance sheet as of December 31, 2022 (Successor) and the related consolidated statements of operations and comprehensive income, changes in members' equity and cash flows for the period from December 28, 2022 to December 31, 2022 (Successor) and January 1, 2022 to December 27, 2022 (Predecessor), and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of, 2022 (Successor) and the results of its operations and its cash flows for the period from December 28, 2022 to December 31, 2022 (Successor) and January 1, 2022 to December 27, 2022 (Predecessor) in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Emphasis of Matter, Change in Accounting Principle

As described in Note 3 to the consolidated financial statements, on January 1, 2022, the Company adopted Accounting Standards Codification Topic 842 as required by Accounting Standards Update No. 2016-02, *Leases (Topic 842)* and its related amendments. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Consolidated Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the basic consolidated financial statements as a whole. The unaudited consolidated statements of operations and comprehensive income with totals, which is the responsibility of management, is presented for the purposes of additional analysis and is not a required part of the basic consolidated financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Baker Tilly US, LLP

Plano, Texas
April 28, 2023

UA Holdings, LLC and Subsidiaries

Consolidated Balance Sheet
December 31, 2022 (Successor)

Assets	
Current Assets	
Cash and cash equivalents	$ 12,351,843
Investments, at fair value	8,157,880
Accounts receivable, net	14,609,758
Inventory	759,666
Notes receivable, current, net of allowances	61,142
Deferred attractions costs	18,640,890
Deferred initial franchise fee costs, current	849,517
Deferred income taxes	282,656
Prepaids and other current assets	12,219,020
Total current assets	67,932,372
Notes Receivable, Net of Current Maturities and Allowances	633,001
Deferred Initial Franchise Fee Costs, Net of Current Maturities	19,352,937
Property and Equipment, Net	8,342,657
Operating Lease Right-of-Use Asset, Net	49,194,301
Intangible Assets, Net	363,200,000
Goodwill, Net	341,222,291
Total assets	$ 849,877,559
Liabilities and Members' Equity	
Current Liabilities	
Accounts payable	$ 3,898,814
Accrued liabilities	13,274,825
Marketing funds	6,001,079
Deferred attractions revenues	14,042,166
Contract liabilities, current portion	2,409,313
Operating lease liability, current portion	4,339,574
Unpaid insurance losses and loss adjustment expenses	6,371,261
Unearned insurance premium	2,868,001
Insurance premium refunds and losses payable	19,514
Line of credit	2,000,000
Notes payable, current portion	2,750,000
Total current liabilities	57,974,547
Notes Payable, Net of Current Maturities and Debt Issuance Costs	263,550,000
Operating Lease Liability, Net of Current Portion	54,418,537
Contract Liabilities, Net of Current Portion	43,798,140
Total liabilities	419,741,224
Members' Equity	
Members' equity	
Preferred units, $1,000 par value, 260,257.732 authorized, issued and outstanding as of December 31, 2022 (Successor)	260,257,732
Common units, $1,000 par value, 495,000 authorized; 234,742.268 issued and outstanding as of December 31, 2022 (Successor)	169,814,000
Accumulated earnings	64,603
Total members' equity	430,136,335
Total liabilities and members' equity	$ 849,877,559

See notes to consolidated financial statements

UA Holdings, LLC and Subsidiaries

Consolidated Statements of Operations and Comprehensive Income
Periods From December 28, 2022 to December 31, 2022 (Successor) and January 1, 2022 to December 27, 2022 (Predecessor)

	Successor Period for Four Days of December 28, 2022 to December 31, 2022	Predecessor Period From January 1, 2022 to December 27, 2022
Revenues		
Royalty revenues	$ 568,523	$ 48,956,875
Attraction revenues	891,001	15,175,910
Merchandise revenues	64,375	7,317,829
Company owned unit revenues	307,532	15,434,936
Franchise fee revenues	50,000	4,008,469
Marketing fund revenues	1,831,429	19,218,819
Net earned insurance premiums	-	6,102,857
Other revenues	95,354	12,333,196
Total revenues	3,808,214	128,548,891
Operating Expenses		
Attraction costs	781,723	12,757,975
Merchandise costs	362	338,438
Company owned unit costs	124,915	13,336,113
Marketing fund costs	1,831,429	19,218,819
Salaries and wages	218,158	21,420,446
Incurred insurance losses and loss adjustment expenses	-	4,336,620
Selling, general and administrative	83,480	43,025,310
Amortization of goodwill	374,352	7,577,467
Depreciation and amortization expense	9,911	1,777,093
Total operating expenses	3,424,330	123,788,281
Income from operations	383,884	4,760,610
Other Income (Expenses)		
Interest expense	(319,281)	(6,220,757)
Forgiveness of Paycheck Protection Program loan	-	1,251,796
Other expense, net	-	(195,784)
Total other expenses	(319,281)	(5,164,745)
Income (loss) before federal and state tax expenses	64,603	(404,135)
Federal tax expense	-	190,499
State tax expense	-	107,960
Net income (loss)	$ 64,603	$ (702,594)
Comprehensive Income		
Unrealized holding losses on available for sale debt securities, net of tax	$ -	$ (208,672)
Comprehensive income (loss)	$ 64,603	$ (911,266)

See notes to consolidated financial statements

UA Holdings, LLC and Subsidiaries

Consolidated Statements of Changes in Members' Equity

Periods From December 28, 2022 to December 31, 2022 (Successor) and January 1, 2022 to December 27, 2022 (Predecessor)

V.2023.042823

	Preferred Units		Common Units		Class B-1 Equity		Accumulated Earnings (Deficit)	Accumulated Other Comprehensive Income (Loss)	Total Members' Equity
	Units	Amount	Units	Amount	Units	Amount			
Balance, January 1, 2022 (Predecessor)	26,728	$ 26,728,000	25,831	$ 33,210,000	1,738	$ 6,286,000	$ 21,066,942	$ 1,006	$ 87,291,948
Member tax distributions	-	-	-	-	-	-	(12,934,226)	-	(12,934,226)
Net income (loss)	-	-	-	-	-	-	(702,594)	-	(702,594)
Accumulated other comprehensive (loss), net of tax	-	-	-	-	-	-	-	(208,672)	(208,672)
Balance, December 27, 2022 (Predecessor)	26,728	$ 26,728,000	25,831	$ 33,210,000	1,738	$ 6,286,000	$ 7,430,122	$ (207,666)	$ 73,446,456
Balance, December 28, 2022 (Inception)	-	$ -	-	$ -	-	$ -	$ -	$ -	$ -
Rollover equity from parent company	-	-	234,742	169,814,000	-	-	-	-	169,814,000
Contributed capital	260,258	260,257,732	-	-	-	-	-	-	260,257,732
Net income	-	-	-	-	-	-	64,603	-	64,603
Balance, December 31, 2022 (Successor)	260,258	$ 260,257,732	234,742	$ 169,814,000	-	$ -	$ 64,603	$ -	$ 430,136,335

See notes to consolidated financial statements

UA Holdings, LLC and Subsidiaries

Consolidated Statements of Cash Flows
Periods From December 28, 2022 to December 31, 2022 (Successor) and January 1, 2022 to December 27, 2022 (Predecessor)

	Successor Period for Four Days of December 28, 2022 to December 31, 2022	Predecessor Period From January 1, 2022 to December 27, 2022
Cash Flows From Operating Activities		
Net income (loss)	$ 64,603	$ (702,594)
Adjustments to reconcile net income (loss) to net cash (used in) provided by operating activities:		
Amortization of debt issuance costs	-	1,392,982
Provision for note receivable losses	-	(87,835)
Depreciation and amortization expense	9,911	1,777,093
Amortization of goodwill	374,352	7,577,469
Operating lease ROU asset amortization	-	3,744,390
Forgiveness on paycheck protection program loans	-	(1,251,796)
Change in operating assets and liabilities, net:		
Accounts receivable	(545,197)	(3,376,028)
Inventory	-	(360,680)
Deferred attractions costs	69,682	(14,109,724)
Deferred initial franchise fee costs	456,577	(1,960,118)
Deferred income taxes	-	(134,871)
Prepaids and other current assets	(4,783,686)	(3,124,769)
Accounts payable	1,001,261	1,020,855
Accrued liabilities	(1,674,322)	19,862,613
Marketing funds	(1,927,115)	3,030,019
Deferred attractions revenues	(583,300)	5,205,903
Contract liabilities	-	7,728,406
Operating lease liability	-	(3,227,739)
Unpaid insurance losses and loss adjustments	-	3,163,111
Unearned insurance premium	-	967,625
Insurance premium refunds and losses payable	-	14,244
Net cash (used in) provided by operating activities	(7,537,234)	27,148,556
Cash Flows From Investing Activities		
Cash paid for change of control transaction, net of cash acquired (Note 2)	(508,700,759)	(4,237,000)
Purchases of property and equipment	-	(4,593,828)
Purchases of investments (Note 3)	-	(2,728,299)
Issuance of notes receivable	-	(764,929)
Payments received on notes receivable	32,104	635,372
Net cash used in investing activities	(508,668,655)	(11,688,684)
Cash Flows From Financing Activities		
Payments made on notes payable	-	(22,550,000)
Proceeds from issuance of notes payable	275,000,000	-
Net proceeds made from line of credit	2,000,000	-
Debt issuance costs	(8,700,000)	-
Member distributions	-	(12,934,226)
Member contributions	260,257,732	-
Net cash provided by (used in) financing activities	528,557,732	(35,484,226)
Effect of Unrealized Losses on Available for Sale Debt Securities	-	(208,672)
Net change in cash and cash equivalents	12,351,843	(20,233,026)
Cash and Cash Equivalents, Beginning	-	30,385,913
Cash and Cash Equivalents, Ending	$ 12,351,843	$ 10,152,887
Supplemental Disclosures		
Cash paid for interest expense	$ 319,281	$ 4,827,783
Cash paid for federal taxes	$ 60,000	$ 540,000
Cash paid for state taxes	$ -	$ 110,883
Noncash Transactions		
Forgiveness on paycheck protection program loans	$ -	$ 1,251,796
Operating lease right-of-use asset obtained in exchange for operating lease liability	$ -	$ 61,900,493
Rollover equity related to change in control	$ 169,814,000	$ -

See notes to consolidated financial statements

1. Nature of Operations

UA Holdings, LLC (Holdings or the Company) was organized January 30, 2018 as a Delaware limited liability company. The consolidated financial statements at December 31, 2022 include the accounts of UA Holdings, LLC and its wholly owned subsidiaries, Unleashed Brands, LLC and its subsidiaries and Adventis Insurance, Inc.

As of December 31, 2022, the Company's portfolio of six franchised brands includes: "Urban Air Adventure Parks" a family entertainment facility developer and franchisor; "Snapology" a franchisor of STEM/STEAM curriculum for children which was acquired on July 14, 2021; "The Little Gym" a franchisor of enrichment and physical development centers for children which was acquired on November 19, 2021, "Premier Martial Arts" a franchisor of martial arts studios focused on children which was acquired on December 15, 2021, "Class 101" a franchisor of college guidance services which was acquired on April 11, 2022, and "XP League" a franchisor of youth eSports leagues which was acquired on April 21, 2022. In addition to franchised owned locations, the Company owns and operates 26 company-owned locations of its brands as of December 31, 2022. Adventis Insurance, Inc. (Note 11) commenced operations on April 1, 2020 and Unleashed Brands, LLC commenced operations on September 1, 2021. The liability of the members of the Company is generally limited to the amount of their capital contributions. The Company has a perpetual duration unless dissolved earlier in accordance with the Company operating agreement.

In connection with the change in control on December 27, 2022 (Note 2), the acquired assets, liabilities and related goodwill related to the acquisitions of Class 101 and XP League were re-measured as of the transaction date.

2. Change in Control Transaction

On December 27, 2022, the Company entered into a Unit Purchase Agreement with a private equity investor to acquire a controlling equity stake of the issued and outstanding equity of the Company for $694,983,666, resulting in a change of control. The transaction was funded through cash contributions, debt, issuance of rollover equity and a final purchase adjustment liability to the sellers.

The transaction has been accounted for using the purchase method of accounting in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 805, *Business Combinations*. The transaction was recorded by allocating the total purchase consideration to the fair value of the net assets acquired, resulting in goodwill of $341,596,643. The factors that make up goodwill include the value of the acquired workforce, noncompete agreements, and opportunities to expand on the customer relationships with current customers and obtain synergies between the acquired brands, none of which qualify as separate intangible assets.

The purchase price was allocated to the fair value of the net assets as follows:

Cash and cash equivalents	$ 10,152,887
Accounts receivable	14,064,561
Investments, at fair value	8,157,880
Deferred attraction costs	19,199,099
Other current assets	14,598,035
Property and equipment	8,352,567
Notes receivable	787,389
Deferred initial franchise fee costs	20,170,503
ROU assets	49,194,301
Intangible assets	363,200,000
Goodwill	341,596,643
Accounts payable and accrued liabilities	(17,866,215)
Marketing funds	(7,928,194)
Deferred attractions revenues	(14,625,466)
Unpaid insurance losses and loss adjustments	(6,371,261)
Unearned insurance premiums	(2,868,001)
Operating lease liabilities	(58,758,109)
Contract liabilities (initial franchise fees)	(46,072,953)
Total	$ 694,983,666

The assets acquired and the liabilities assumed were recorded at their estimated fair values on the acquisition date as estimated by the Company's management, based on information available and current assumptions as to future operations. Fair values assigned to the tradename, franchise agreements and customer relationships were determined by independent valuation experts and are detailed as follows:

Customer relationships	$ 2,600,000
Franchise agreements	337,700,000
Trade names	22,900,000
Total	$ 363,200,000

Total purchase consideration included the following:

Cash contributions	$ 523,620,130
Roll over equity	169,814,000
Purchase adjustment due to sellers	1,549,536
Total	$ 694,983,666

The acquisition method of accounting requires extensive use of estimates and judgements to allocate the consideration transferred to the identifiable tangible and intangible assets acquired and liabilities assumed. Accordingly, the allocation of the consideration transferred was preliminary and was adjusted upon completion of the final valuation of the assets acquired and liabilities assumed. The amounts used in computing the purchase price differed from the amounts in the purchase agreements due to fair value measurement conventions prescribed by accounting standards.

As part of the purchase consideration, the Company issued 234,742 of common units in addition to the 260,258 preferred units acquired in the acquisition. The fair value of the roll over equity was determined using a Backsolve Option Pricing Model applying a liquidation preference to the preferred units acquired at an estimated time to liquidity of 5 years.

Management determined the estimated fair value of customer relationships as of the acquisition date using a With or Without Method (WoWO) within the Income Approach. Customer relationships are noncontractual in nature and are related to the corporate owned locations of the Company. Key assumptions under the WoWO method include reclaimed revenue (without scenario) where management provided the estimates of reclaimed revenue in percentage for each projection year, and expense adjustments (without scenario) where management provided estimates of fixed versus variable costs. Franchise agreements were valued using the income approach. A derivation of discounted cash flow analysis, specifically the Multiple-period Excess Earnings method (MPEEM), was performed on the future projected cash flow of the existing franchise agreements. The fair value was then determined by adding the present value of the franchisee cash flows with the present value of the income tax benefit resulting from the amortization of the asset. The relief from royalty method was used to estimate the fair values of the trade names and associated brand-related IP. This method estimates future cost savings achieved by avoiding the use of third-party trademarks or licensing third-party software. Projected cash flows or cash savings are discounted at a required rate of return that reflects the relative risk of achieving the cashflows and the time value of money.

Other items included in net asset acquired but not otherwise listed were valued at fair value as follows: property and equipment, at their net book value which approximates fair value do to their recent capitalization; deferred attraction costs and attraction revenues and notes receivable, at their book values due to their short durations and expected settlements within the next 12 months; and all remaining net assets not addressed above, at their book values based on their short durations and expected settlements not materially different than book value.

The Company’s transaction costs incurred as part of the Purchase Agreement were assumed by the sellers in the transaction and are not included as expenses in the Company’s consolidated financial statements for the period from December 28, 2022 through December 31, 2022 (successor). The seller paid transaction costs totaling $14,285,130, at or prior to closing which are included in selling, general and administrative expense on the consolidated statements of operations for the period from January 1, 2022 through December 27, 2022 (predecessor) that were attributed to the seller under the agreement.

3. Summary of Significant Accounting Policies

Basis of Presentation

The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). All significant intercompany balances and transactions have been eliminated in consolidation.

Predecessor

The period from January 1, 2022 through December 27, 2022 reflect the historical cost basis of accounting of the Company that existed prior to the Change of Control (Note 2). This period is referred to as "Period from January 1, 2022 to December 27, 2022 (Predecessor)."

Successor

The period from December 28, 2022 to December 31, 2022 is referred to as the "Successor". The Successor period reflects the costs and activities as well as the recognition of assets and liabilities of the Company at their fair values pursuant to the election of pushdown accounting as of the consummation of the Change of Control (Note 2).

Due to the application of acquisition accounting by the Company, the election of pushdown accounting, and the conforming of significant accounting policies, the consolidated results of operations, cash flows, and other financial information for the Successor period are not comparable to the Predecessor period.

Use of Estimates

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Recently Accounting Pronouncements

During June 2016, the FASB issued Accounting Standards Update (ASU) No. 2016-13, *Measurement of Credit Losses on Financial Instruments*. ASU No. 2016-13 requires financial assets measured at amortized cost to be presented at the net amount expected to be collected, through an allowance for credit losses that is deducted from the amortized cost basis. The measurement of expected credit losses is based on relevant information about past events, including historical experience, current conditions, and reasonable and supportable forecasts that affect the collectability of the reported amount. During November 2018, April 2019, May 2019, November 2019 and March 2020, respectively, the FASB also issued ASU No. 2018-19*, Codification Improvements to Topic 326, Financial Instruments – Credit Losses*; ASU No. 2019-04, *Codification Improvements to Topic 326, Financial Instruments – Credit Losses*; ASU No. 2019-05 *Targeted Transition Relief*; ASU No. 2019-11, *Codification Improvements to Topic 326, Financial Instruments – Credit Losses*; and ASU No. 2020-03 *Codification Improvements to Financial Instruments*. ASU No. 2018-19 clarifies the effective date for nonpublic entities and that receivables arising from operating leases are not within the scope of Subtopic 326-20, ASU Nos. 2019-04 and 2019-05 amend the transition guidance provided in ASU No. 2016-13, and ASU Nos. 2019-11 and 2020-03 amend ASU No. 2016-13 to clarify, correct errors in, or improve the guidance. ASU No. 2016-13 was effective for annual periods and interim periods within those annual periods beginning after December 15, 2019. Early adoption was permitted for annual and interim periods beginning after December 15, 2018. ASU No. 2016-13 (as amended) is effective for annual periods and interim periods within those annual periods beginning after December 15, 2022. Early adoption is permitted for annual and interim periods beginning after December 15, 2018. The Company is currently assessing the effect that ASU No. 2016-13 (as amended) will have on its results of operations, financial position and cash flows.

Recently Adopted Accounting Principles

Effective January 1, 2022, the Company adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2016-02, *Leases (Topic 842)*, and all related amendments using the modified retrospective approach.

ASU No. 2016-02 requires lessees to recognize the assets and liabilities that arise from leases on the balance sheet. At lease inception, leases are classified as either finance leases or operating leases with the associated right-of-use assets and lease liabilities measured at the net present value of future lease payments. Operating lease right-of-use assets are expensed on a straight-line basis as lease expense over the noncancelable lease term. Lease expense for the Company's finance leases is comprised of the amortization of the right-of-use asset and interest expense recognized based on the effective interest method. At the date of adoption on January 1, 2022 (Predecessor), the Company recorded operating lease right-of-use assets and lease liabilities of $16,216,950 and $17,520,786. As of the change of control date (Note 2), the Company recorded operating lease right-of-use assets and lease liabilities at their fair value which was $49,194,301 and $58,758,109.

The new standard provides for several optional practical expedients. Upon transition to Topic 842, the Company elected:

- The package of practical expedients permitted under the transition guidance which does not require the Company to reassess prior conclusions regarding whether contracts are or contain a lease, lease classification and initial direct lease costs;

- The practical expedient to use hindsight in determining the lease term (that is, when considering options to extend or terminate the lease or to purchase the underlying asset) and in assessing impairment of the Company's right-of-use assets.

The new standard also provides for several accounting policy elections, as follows:

- The Company has elected the policy not to separate lease and nonlease components for all asset classes.

- When the rate implicit in the lease is not determinable, rather than use the Company's incremental borrowing rate, the Company elected to use a risk-free discount rate for the initial and subsequent measurement of lease liabilities for all asset classes.

- The Company elected not to apply the recognition requirements to all leases with an original term of 12 months or less, for which the Company is not likely to exercise a renewal option or purchase the asset at the end of the lease; rather, short-term leases will continue to be recorded on a straight-line basis over the lease term.

Additional required disclosures for Topic 842 are contained in Note 10.

Investments

Investments in equity securities, with readily determinable fair values, are measured at fair value at the time of purchase, with subsequent changes in fair value included in other income or expense on the consolidated statement of operations and comprehensive income.

Fair Value Measurements

FASB ASC 820, *Fair Value Measurements and Disclosures*, defines fair value as the price that would be received to sell an asset, or paid to transfer a liability, in the principal or most advantageous market in an orderly transaction between market participants on the measurement date. The fair value standard also establishes a three-level hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of observable inputs when measuring fair value.

The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability on the measurement date. The three levels are defined as follows:

Level 1 - Quoted prices are available in active markets for identical instruments as of the reporting date. The type of instruments included in Level 1 include listed equities and listed derivatives.

Level 2 - Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies. Instruments which are generally included in this category include corporate bonds and loans, less liquid and restricted equity securities and certain over-the-counter derivatives.

Level 3 - Pricing inputs are unobservable for the instrument and includes situations where there is little, if any, market activity for the instrument. The inputs into the determination of fair value require significant management judgment or estimation. Instruments that are included in this category generally include general and limited partnership interests in corporate private equity and real estate funds, mezzanine funds, funds of hedge funds, distressed debt and noninvestment grade residual interests in securitizations and collateralized debt obligations.

The Company classified its investments in mutual funds as Level 1 in accordance with the criteria described above.

The following table presents the Level 1, Level 2 and Level 3 financial instruments measured, reported and carried at fair value, as of December 31, 2022 (Successor), in accordance with the valuation hierarchy:

	Level 1	Level 2	Level 3	Total
Debt securities:				
Corporate bonds	$ -	$ 3,171,555	$ -	$ 3,171,555
Other fixed income	-	598,905	-	598,905
Treasury securities	-	1,931,373	-	1,931,373
Total	-	5,701,833	-	5,701,833
Equity:				
Common stocks	794,387	-	-	794,387
Preferred stocks	362,802	-	-	362,802
Exchange traded funds	465,923	-	-	465,923
Total	1,623,112	-	-	1,623,112
Private equity funds	-	-	832,935	832,935
Total	$ 1,623,112	$ 5,701,833	$ 832,935	$ 8,157,880

Investments in equity securities were measured using Level 1 fair values based upon observable quoted market prices from national security exchanges.

Investments in debt securities were measured using Level 2 fair values based upon inputs such as benchmark yields, reported trades, broker/dealer quotes, issuer spreads, benchmark securities, offers, bids and reference data.

FASB ASC 820 permits as a practical expedient, an entity holding investments that calculate net asset value (NAV) per share or its equivalent for which fair value is not readily determinable, to measure fair value of such investments on the basis of NAV. The Company has applied this practical expedient to measure the fair value of the alternative investment funds.

Investments in alternative investments funds held by the Company as of December 31, 2022 (Successor) using significant unobservable inputs (Level 3) to measure fair value did not change from December 28, 2022 (Inception) to December 31, 2022 (Successor). Accordingly, no change to net unrealized and realized gains or losses were recorded in the consolidated statements of operations and comprehensive income.

In order to substantiate the Company's NAV, management obtained audited financial statements for each fund. Alternative investment funds are not traded on an exchange and do not provide the Company with the ability to redeem shares daily. Instead, NAV serves as the basis for investors periodic (i.e.: monthly or quarterly) subscription and redemption activity pursuant to the terms of each funds governing documents. The Company may withdraw investment interest with certain restrictions, dependent upon governing documents. The Company may withdraw funds monthly or quarterly, depending on the fund. There are no unfunded capital commitments as of December 31, 2022 (Successor).

Cash and Cash Equivalents

The Company considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. At December 31, 2022 (Successor), the Company had $2,616,290, respectively in such investments. The Company maintains deposits primarily in three financial institutions, which may at times exceed amounts covered by insurance provided by the U.S. Federal Deposit Insurance Corporation (FDIC). The Company has not experienced any losses related to amounts in excess of FDIC limits.

Investments in Debt and Equity Securities

All of the Company's debt securities as of December 31, 2022 (Successor) were classified as available for sale. Available for sale securities may be sold prior to maturity and are carried at fair value. The Company accounts for its investments in debt securities in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 320, *Investments - Debt Securities* (ASC 320). Management determines the appropriate classification of its investments at the time of purchase and reevaluates such determination at each balance sheet date.

The amortized cost of debt securities is adjusted using the effective interest rate method for amortization of premiums and accretion of discounts. Such amortization and accretion is included in net investment income on the consolidated statements of operations and comprehensive income. Net unrealized losses on available for sale debt securities were $207,666 for the period of January 1, 2022 to December 27, 2022 (Predecessor) and were de-recognized in the transaction (Note 2).

Unrealized holding gains and losses related to debt securities are reported as a separate component of total shareholders' equity as accumulated other comprehensive income, net of tax. The amortized cost of debt securities is adjusted using the interest method for amortization of premiums and accretion of discounts. Such amortization and accretion amounts are included in net investment income. Realized investment gains and losses on investments sold and/or matured are determined on a specific identification basis and are included in comprehensive income.

Other Than Temporary Impairments on Investments

The Company determines other than temporary impairments on debt securities in accordance with certain provisions of FASB ASC 320. This guidance requires the Company to evaluate whether it intends to sell an impaired debt security or whether it is more likely than not that it will be required to sell an impaired debt security before recovery of the amortized cost basis. If either of these criteria are met, an impairment equal to the difference between the debt security's amortized cost and its fair value is recognized in earnings. For impaired debt securities that do not meet these criteria, the Company determines if a credit loss exists with respect to the impaired security. If a credit loss exists, the credit loss component of the impairment, which is equal to the difference between the security's amortized cost and its projected net present value of future cash flows from the security, is recognized in earnings and the remaining portion of the impairment is recognized as a component of other comprehensive income. No impairments related to debt securities were recorded in Predecessor or Successor periods. At December 31, 2022 (Successor), the Company held $5,701,833 in debt securities.

Accounts Receivable

Accounts receivable consists of franchise royalties and other costs billed to franchisees. Accounts receivable are stated at amounts management expects to collect from outstanding balances. Credit is extended to customers based upon evaluation of the customer's financial condition, and collateral is not required. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. As of December 31, 2022 (Successor) the Company had an allowance for doubtful accounts of $1,281,539.

Inventory

Inventory is stated at the lower of cost or net realizable value using the first-in, first-out method. The Company records a provision for obsolete and slow-moving inventory, when necessary, based on current inventory levels as well as historical and expected future production levels. Based on the Company's assessment, there was no provision for obsolete inventory at December 31, 2022 (Successor).

Notes Receivable

From time to time, as part of generating attraction revenues, the Company provided financing to franchisees during initial construction of their location. Notes are typically issued between $130,000 and $265,000 and call for monthly payments to begin upon opening the franchise locations with most notes maturing from 2 to 7 years thereafter. Notes receivable are secured by the property and equipment at the franchise location and are personally guaranteed by the individual franchisees'. The notes receivable have contractual interest rates ranging from 2.7% to 7%. The Company also charges an additional royalty fee until paid in full at 1% to 1.50% of the franchisees' gross monthly sales.

The Company continually monitors notes receivable for potential losses or impairment when it is probable the Company will be unable to collect all amounts all principal and interest due. Due to the relationship as the franchisor and ability to dictate the timing of payments if deemed necessary, the Company believes collectability is reasonably assured through franchise operations and does not place notes receivable on nonaccrual status unless specifically identifies for allowance provisions. The allowance for potential losses on notes receivable was $50,670 as of December 31, 2022 (Successor).

Deferred Initial Franchise Fee Costs

The Company has capitalized costs in relation to variable costs incurred for the sale of franchise agreements. Capitalized costs directly related to these activities were $20,202,454 as of December 31, 2022 (Successor) and were reported as deferred initial franchise fee costs on the accompanying consolidated balance sheet.

Property and Equipment

Property and equipment are stated at cost, less accumulated depreciation. Expenditures which substantially improve or extend the useful life of property are capitalized. Routine maintenance and repair costs are expensed as incurred. Property and equipment are capitalized if they have individual costs of at least $5,000 and useful lives of greater than one year. Leasehold improvements are amortized over the lesser of the lease term or useful life if applicable. Upon retirement or disposition of property and equipment, the cost and related accumulated depreciation are removed from the accounts, and the gains or losses are reflected in the consolidated statement of operations.

Depreciation is calculated using the straight-line method over the established useful lives of the individual assets as follows:

	Useful Lives
Transportation assets	3-5 years
Leasehold improvements	7-15 years
Computer and software	3 years
Furniture, fixtures and equipment	5 years

Impairment of Long-Lived Assets

In accordance with ASC 360-10, *Accounting for the Impairment or Disposal of Long-Lived Assets*, the Company reviews long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may no longer be recoverable. The Company assesses recoverability of the carrying amount by estimating the undiscounted future net cash flows expected to result from the asset over its expected useful life, including eventual disposition. If the future undiscounted net cash flows are less than the carrying amount of the asset, an impairment loss is recorded equal to the difference between the assets carrying amount and its fair value. No impairment of long-lived assets was recognized for the period December 28, 2022 to December 31, 2022 (Successor) and for the period January 1, 2022 to December 27, 2022 (Predecessor).

Goodwill and Intangible Assets

Goodwill represents the excess of the cost of an acquired entity over the net amounts assigned to assets acquired, including intangible assets and liabilities assumed. In accordance with FASB ASC 350-20, *Goodwill*, the Company has elected to amortize goodwill on a straight-line basis over an estimated useful life of 10 years. Management will monitor the useful life of goodwill to determine if events or changes in circumstances warrant a revision to the remaining amortization period. The Company is required to test goodwill for impairment annually or whenever events or changes in circumstances indicate the carrying value of goodwill may not be recoverable. Under ASC 350-20, the Company has elected to apply the qualitative assessment method in determining whether it is more likely than not the fair value of the Company is less than its carrying amount. The Company determined that goodwill was not impaired for the period December 28, 2022 to December 31, 2022 (Successor) and for the period January 1, 2022 to December 27, 2022 (Predecessor).

Intangible assets are comprised of identified royalty agreements, trade names and customer relationships. The carrying value of all long-term assets, including intangible assets, is reviewed for impairment whenever events or changes in circumstances indicate they may not be recoverable. The Company estimates the future undiscounted cash flows to judge the recoverability of carrying amounts. If the carrying amount is deemed to be higher than recoverability assessed through the undiscounted cash flow result, then the Company assesses the fair value of the underlying asset to determine impairment. The Company determined that indefinite-lived intangible assets were not impaired for the period December 28, 2022 to December 31, 2022 (Successor) and January 1, 2022 to December 27, 2022 (Predecessor).

Debt Financing Costs

In connection with the change of control transaction (Note 2), the Company entered into a term loan with a corporate lender (Note 8) and incurred $8,700,000 in debt financing costs. These costs related to obtaining financing are capitalized and presented as a deduction against the corresponding debt. Debt financing costs are amortized over the respective debt agreement using the effective interest method with amortization expense included in interest expense in the consolidated statement of operations and comprehensive income. No amortization expense related to term note was recognized for the period December 28, 2022 to December 31, 2022. Prior to the transaction (Note 2), the Company had unamortized debt financing costs of $1,131,492 which was expensed at the time of the transaction and included in interest expense in the accompanying consolidated statement of operations and comprehensive income. Amortization expense related to the Predecessor term debt was $1,392,982 for the period January 1, 2022 to December 27, 2022 (Predecessor).

Insurance Related Activities

The Company uses Adventis Insurance, Inc. (Adventis), a wholly owned subsidiary of the Company and captive insurance company to issue policies for general liability coverage and workers' compensation coverage to franchise owners.

Unpaid Insurance Losses and Loss Adjustment Expenses - Reserves for unpaid losses and loss adjustment expenses includes case basis estimates of reported losses, plus amounts for incurred but not reported losses calculated based upon loss projections utilizing industry data. In establishing this reserve, the Company utilizes the findings of an independent consulting actuary. Management believes that its aggregate reserve for unpaid losses and loss adjustment expenses at year end represents its best estimate, based on the available data, of the amount necessary to cover the ultimate cost of losses. As adjustments to these estimates become necessary, such adjustments are reflected in current operations.

Insurance Premiums - Premiums are earned over the period that coverage is provided. Unearned premiums are calculated on a daily pro-rata basis for the unexpired terms of individual policies in force.

Premium Deficiency - The Company recognizes premium deficiencies when there is a probable loss on an insurance contract. Premium deficiencies are recognized if the sum of expected losses and loss adjustment expenses, expected dividends to the policy holder, unamortized deferred acquisition costs, and maintenance costs exceed unearned premiums and anticipated investment income. There was no premium deficiency for the period December 28, 2022 to December 31, 2022 (Successor) and the period January 1, 2022 to December 27, 2022 (Predecessor).

Comprehensive Income

The Company reports comprehensive income in accordance with FASB ASC 220, *Comprehensive Income*. Comprehensive income is a measurement of certain changes in stockholder's equity that result from transactions and other economic events other than transactions with the stockholder. For the Company, these consist of changes in unrealized gains and losses on available for sale debt securities, which are used to adjust net income to arrive at comprehensive income. The cumulative amount of these changes is reported in the consolidated balance sheet within accumulated other comprehensive income, net of tax.

Revenue Recognition

On January 1, 2019, the Company adopted the FASB Accounting Standards Update (ASU) No. 2014-09, *Revenue From Contracts With Customers* (*Topic 606*), and all related amendments using the modified retrospective transition method.

ASU 2014-09 created ASC 340-40, *Contracts With Customers*, which requires that costs to obtain a contract that would have been incurred regardless of whether the contract was obtained are to be expensed when incurred.

The Company's revenues are substantially comprised of service revenues. Revenue is recognized when the Company satisfies its performance obligation under each contract after it has provided the service to each customer. A performance obligation is a promise in a contract to transfer a distinct product or service to a customer.

Revenue is measured as the amount of consideration the Company expects to receive in exchange for transferring products or providing services. The nature of the Company's contracts do not give rise to any notable amounts of variable consideration with its customers. The Company's contracts do not give rise to any significant financing components (including contracts where the timing of the transfer of goods or services is at the discretion of the customer). Neither the type or location of services performed do not significantly impact the nature, amount, timing or uncertainty of revenues and cash flows.

A contract's transaction price is allocated to each distinct performance obligation within the contract. Substantially all of the Company's contracts have a single performance obligation. In instances where multiple performance obligations may exist, due to the short duration of the arrangements or the insignificance of certain performance obligations, in substantially all cases it is not necessary to allocate the transaction price to the distinct performance obligations as any potential allocations would result in a nominally different accounting outcome.

Substantially all of the Company's revenues are from services provided to customers at a point in time, with the exception of franchise fee revenue and insurance premiums, which are deferred and recognized over the term of the related agreements.

Sales, value added, and other taxes collected from customers and remitted to governmental authorities are accounted for on a net (excluded from revenues) basis.

The primary sources of revenue for the Company are recognized as follows:

Royalty Revenues - Royalty revenue is recognized in the period earned and is equal to approximately 7 to 8% of gross franchisee revenue. Royalty revenues are allocated to the outcome from the performance obligation of having access to the license i.e. franchise location's monthly sales. The Company records the royalty revenue as the franchisee's monthly sales occur.

Attraction Revenues - Attraction revenue is recognized as revenue when earned, which is at the grand opening of the associated franchised park.

Merchandise Revenues - Merchandise revenue relates to commissions received from third-party companies that purchase inventory and sell merchandise to franchisee locations. The third-party vendors provide this merchandise at a cost to the franchisees that is lower than they could otherwise purchase individual items in like quantities, quality, etc. The third parties, under license from the Company of its trademarks, procures licensed products from manufacturers and sells them to the Company's franchisees. The Company recognizes revenue as the underlying purchases are made by the franchisees, net of estimated returns, based on agreed upon commission rates.

Franchise Fee Revenues - Franchise fee revenue is recognized as revenue when earned. The Company receives an initial franchise fee as franchise agreements are signed. Franchise fee revenue is deferred until opening of the location, and then recognized over the term of the franchise agreement, which is typically 10 years (over time revenue). At December 31, 2022 (Successor), deferred franchise fee revenues totaled $46,207,453 and are classified as contract liabilities on the consolidated balance sheet (Note 7).

Other Revenues - Other revenues include various ancillary revenue streams all recognized when earned, which is generally as services are performed.

Marketing Fund Revenues - The Company administers various Marketing Funds for its brands, for which franchisees and Company-owned parks both contribute. The contributions range from 1 to 4% of gross sales based on the franchise brand. These contributions are used for various forms of brand advertising in accordance with its various brand franchise agreements. The Company has a contractual obligation to use Marketing Fund contributions for advertising, public relations, merchandising and similar activities. Marketing Fund liabilities are included in the consolidated balance sheet as marketing funds and totaled $6,001,079, as of December 31, 2022 (Successor). Marketing Fund revenues and expenditures are recorded on a gross basis within the consolidated statements of operations as contributions are billed, increasing both the gross amount of reported revenues and expenses and generally has no impact on income (loss) from operations and net income (loss).

The Company disaggregates revenue from contracts with customers by project type, as the Company believes it best depicts how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. All of the Company's revenues are recognized at a point in time with the exception of initial franchise fees and insurance premiums, which are recognized over the term of the related agreements. The following table presents the Company revenues disaggregated by timing:

	Successor Period From December 28 - December 31, 2022	Predecessor Period From January 1 - December 27, 2022
Over time revenue	$ 50,000	$ 10,111,326
Point in time revenue	3,758,214	118,437,565
Total revenues	$ 3,808,214	$ 128,548,891

Contract Assets and Liabilities

The Company has contract liabilities, which represent deferred revenues from certain pre-opening activities and area development fees. The Company has determined that pre-opening activities and area development fees do not represent distinct goods or services transferred to the franchisee. Accordingly, these costs are deferred over the related franchise agreement, which is typically 10 years.

The Company's contract assets relating to attraction costs include the costs to acquire and transport the attraction equipment, direct labor for its installation and other indirect costs related to contract performance. All costs incurred are recorded in the consolidated balance sheet as deferred attraction costs and are incurred on uncompleted attractions until the associated revenues are realizable, which is typically at the grand opening. As of December 31, 2022 (Successor), incurred costs related to unopened franchise parks totaling $18,640,890.

Advertising Costs

Advertising costs are expensed as incurred and totaled $22,414 and $3,901,895 for the period December 28, 2022 to December 31, 2022 (Successor) and for the period January 1, 2022 to December 27, 2022 (Predecessor), respectively. These costs are included in selling, general and administrative expenses on the consolidated statement of operations.

Income Taxes

The Company is organized as a Delaware limited liability company and therefore, federal taxes are paid at the member level. The Company is subject to various state taxes.

The Company's wholly owned subsidiary Adventis Insurance, Inc. (Adventis) is a tax paying entity subject to U.S. federal income taxes. Accordingly, the Company accounts for deferred taxes at Adventis. Deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the financial statement carrying amounts of assets and liabilities and their respective tax basis. A valuation allowance is recorded against any deferred tax asset when, in the opinion of management, it is more likely than not that the asset will not be realized.

The Company accounts for uncertain tax positions in accordance with the asset and liability method. The Company has evaluated its tax positions and has not identified any material uncertain tax positions that would not be sustained in federal or state income tax examination or that require disclosure. Accordingly, no provision for uncertainties in income taxes has been made in the accompanying consolidated financial statements. The Company recognizes interest and penalties on income taxes as a component of income tax expense.

4. Property and Equipment, Net

Property and equipment consisted of the following at December 31, 2022 (Successor):

Company owned units	$	2,710,758
Leasehold improvements		4,132,327
Computer and software		753,097
Furniture and fixtures		521,791
Vehicles		47,410
Construction in progress		187,185
Total		8,352,568
Less accumulated depreciation		(9,911)
Property and equipment, net	$	8,342,657

Depreciation and amortization expense for the period December 28, 2022 to December 31, 2022 (Successor) and the period January 1, 2022 to December 27, 2022 (Predecessor), was $9,911 and $1,777,093, respectively.

5. Notes Receivable, Net

As of December 31, 2022 (Successor), the principal balance outstanding on the notes receivable and the expected principal collections for the next five years, exclusive of any allowances, are as follows for the years ending December 31:

Years ending December 31:		
2023	$	382,791
2024		224,696
2025		64,011
2026		53,033
2027		20,282
Total		744,813
Less allowance for doubtful accounts		(50,670)
Notes receivable, net	$	694,143

6. Goodwill and Intangible Assets, Net

Goodwill and intangible assets consist of the following at December 31, 2022 (Successor):

	Economic Life	Total Intangible Assets and Goodwill	Accumulated Amortization	Net Intangible Assets and Goodwill
Royalty agreements	Indefinite	$ 337,700,000	$ -	$ 337,700,000
Trade names	Indefinite	22,900,000	-	22,900,000
Customer relationships	Indefinite	2,600,000	-	2,600,000
Goodwill	10 years	341,596,643	(374,352)	341,222,291
		$ 704,796,643	$ (374,352)	$ 704,422,291

Amortization expense for the period December 28, 2022 to December 31, 2022 (Successor) and the period January 1, 2022 to December 27, 2022 (Predecessor) was $374,352 and $7,577,467, respectively.

The amortization of goodwill is as follows for the years ending December 31, 2022 (Successor):

2023	$ 34,159,664
2024	34,159,664
2025	34,159,664
2026	34,159,664
2027	34,159,664
Thereafter	170,423,971
Goodwill, net	$ 341,222,291

7. Contract Liabilities

Contract liabilities consisted of the following at December 31, 2022 (Successor):

Franchise fees, net	$ 46,207,453
Attractions revenues	14,042,166
	60,249,619
Less current portion	(16,451,479)
Contract liabilities, net of current portion	$ 43,798,140

8. Notes Payable

Term Loans

In November 2021, the Company entered into a $76,500,000 Term Loan facility (2021 Term Loan) with a corporate lender. During the year ended December 31, 2021, the Company drew $61,500,000 on this facility. The 2021 Term Loan required interest payments monthly in arrears. The interest rate on the Term Loan was variable based on a 5.5% margin rate plus a variable base. The Term Loan was secured by the tangible and intangible assets of the Company and its subsidiaries. In connection with the acquisition (Note 2), on December 27, 2022, the remaining balance on the 2021 Term Loan was paid in full.

On December 27, 2022, (Note 2), the Company entered into a $275,000,000 Term Loan facility (2022 Term Loan) with a corporate lender. On December 27, 2022, the Company drew $275,000,000 on this facility which remained outstanding as of December 31, 2022 (Successor). The 2022 Term Loan requires interest payments on either a monthly or quarterly basis in arrears. The interest rate on the 2022 Term Loan is based on a 7.5% margin rate plus a variable base. The 2022 Term Loan is secured by the tangible and intangible assets of the Company and its subsidiaries.

The Company is required to meet certain financial and nonfinancial covenants in accordance with the terms of the above Term Loan. The Company was in compliance with these covenants as of December 31, 2022 (Successor).

Paycheck Protection Program Loans

In February, 2021, the Company received a second draw PPP loan in the amount of $1,251,796. The PPP provides loans to qualifying businesses in amounts up to 2.5 times their average monthly payroll expenses and was designed to provide a direct financial incentive for qualifying businesses to keep their workforce employed during the Coronavirus crisis. PPP loans are uncollateralized and guaranteed by the SBA and are forgivable after a "covered period" (of eight to twenty-four weeks) as long as the borrower maintains its payroll levels and uses the loan proceeds for eligible expenses, including payroll, benefits, mortgage interest, rent and utilities. The forgiveness amount will be reduced if the borrower terminates employees or reduces salaries and wages more than 25% during the covered period. Any unforgiven portion is payable over 5 years at an interest rate of 1% with payments deferred until the SBA remits the borrower's loan forgiveness amount to the lender, or, if the borrower does not apply for forgiveness, ten months after the end of the covered period. PPP loan terms provide for customary events of default, including payment defaults, breaches of representations and warranties, and insolvency events and may be accelerated upon the occurrence of one or more of these events of default. Additionally, PPP loan terms do not include prepayment penalties.

The Company met the PPP's loan forgiveness requirements, and therefore, applied for forgiveness during 2022. Legal release was received during December of 2022 (Predecessor) for the PPP loan of $1,251,796, therefore, the Company recorded forgiveness income of $1,251,796, within its consolidated statement of operations and comprehensive income for the period January 1, 2022 to December 27, 2022 (Predecessor).

The SBA reserves the right to audit any PPP loan, regardless of size. These audits may occur after forgiveness has been granted. In accordance with the CARES Act, all borrowers are required to maintain their PPP loan documentation for six years after the PPP loan was forgiven or repaid in full and to provide that documentation to the SBA upon request.

A summary of notes payable outstanding is as follows at December 31, 2022 (Successor):

Term loan	$ 275,000,000
Less unamortized debt costs	(8,700,000)
Less current maturities	(2,750,000)
Total notes payable, net	$ 263,550,000

As of December 31, 2022 (Successor), future principal payments due on the notes payable was as follows for the years ending December 31:

Years ending December 31:	
2023	$ 2,750,000
2024	2,750,000
2025	2,750,000
2026	2,750,000
2027	264,000,000
	275,000,000
Less unamortized debt costs	(8,700,000)
Less current maturities	(2,750,000)
Note payable, net of current maturities	$ 263,550,000

9. Revolving Credit Facilities

In November of 2021, the Company entered into a $5,000,000 revolving credit agreement with a corporate lender (the 2021 Revolving Credit Facility). Draws under the 2021 Revolving Credit Facility bear interest and requires interest payments monthly in arrears. The interest rate on the 2021 Revolving Credit Facility was variable based on a 5.5% margin rate plus a variable base. The 2021 Revolving Credit Facility was secured by the tangible and intangible assets of the Company and its subsidiaries. The 2021 Revolving Credit Facility was terminated on December 27, 2022 in connection with the transaction (Note 2).

In December 2022, the Company entered into a $15,000,000 revolving credit agreement with a corporate lender (the 2022 Revolving Credit Facility) in relation to the transaction on December 27, 2022 (Note 2). On December 27, 2022, the Company drew $2,000,000 on this facility. As of December 31, 2022 (Successor), the Company had $13,000,000 in available credit under the 2022 Revolving Credit Facility. Draws under the 2022 Revolving Credit Facility bear interest and requires interest payments monthly or quarterly in arrears. The interest rate on the 2022 Revolving Credit Facility is variable based on a 7.5% margin rate plus a variable base. At December 31, 2022 (Successor), the interest rate was 12%. The 2022 Revolving Credit Facility is secured by the tangible and intangible assets of the Company and its subsidiaries.

The 2022 Revolving Credit Facility is subject to a quarterly fee on the unused portion of the maximum limit at a rate of 1.00% per annum. The Company is required to meet certain financial and nonfinancial covenants in accordance with the terms of the above facilities. The Company was in compliance with these covenants as of December 31, 2022 (Successor).

10. Commitments and Contingencies

Operating Leases

Leases, January 1, 2022 and After

Right-of-use assets represent the Company's right to use an underlying asset for the lease term, while lease liabilities represent the Company's obligation to make lease payments arising from the lease. Right-of-use assets and lease liabilities are recognized at the commencement date of a lease based on the net present value of lease payments over the lease term.

Certain of the Company's leases include options to renew or terminate the lease. The exercise of lease renewal or early termination options is at the Company's sole discretion. The Company regularly evaluates the renewal and early termination options and when they are reasonably certain of exercise, the Company includes such options in the lease term.

In determining the discount rate used to measure the right-of-use assets and lease liabilities, the Company uses the rate implicit in the lease, or if not readily available, the Company uses a risk-free rate based on U.S. Treasury note or bond rates for a similar term.

Right-of-use assets are assessed for impairment in accordance with the Company's long-lived asset policy. The Company reassesses lease classification and remeasures right-of-use assets and lease liabilities when a lease is modified and that modification is not accounted for as a separate new lease or upon certain other events that require reassessment in accordance with Topic 842.

The Company made significant assumptions and judgments in applying the requirements of Topic 842. In particular, the Company:

- Evaluated whether a contract contains a lease, by considering factors such as whether the Company obtained substantially all rights to control an identifiable underlying asset and whether the lessor has substantive substitution rights;
- Determined whether contracts contain embedded leases;
- Evaluated leases with similar commencement dates, lengths of term, renewal options or other contract terms, which therefore meet the definition of a portfolio of leases, whether to apply the portfolio approach to such leases;
- Determined for leases that contain a residual value guarantee, whether a payment at the end of the lease term was probable and, accordingly, whether to consider the amount of a residual value guarantee in future lease payments;

The Company does not have material leasing transactions with related parties.

The Company’s lease agreements contain lease incentives related to tenant improvement allowances. For the period December 28, 2022 to December 31, 2022 (Successor) and for the period January 1, 2022 to December 27, 2022 (Predecessor), the Company recorded tenant improvement allowances of $0 and $6,656,250, respectively. These amounts have not yet been reimbursed by the landlord, accordingly the Company has recorded a receivable in the amount of $6,656,250 as of December 31, 2022 (Successor) which is included in prepaids and other assets in the consolidated balance sheet.

The following table summarizes the lease right-of-use assets and lease liabilities as of December 31, 2022 (Successor):

Right-of-use assets:	
Operating leases	$ 49,194,301
Total right-of-use assets, net	$ 49,194,301
Lease liabilities:	
Current operating lease liabilities	$ 4,339,574
Long-term operating lease liabilities	54,418,537
Total lease liabilities	$ 58,758,111

Below is a summary of expenses incurred pertaining to leases for the period December 28, 2022 to December 31, 2022 (Successor) and for the period January 1, 2022 to December 27, 2022 (Predecessor):

Operating lease expense	$ 3,744,390
Total lease expense	$ 3,744,390

Weighted average remaining lease term (in years):	
Operating leases	9.39
Weighted average discount rate:	
Operating leases	2.88 %

The table below summarizes the Company's scheduled future minimum lease payments for years ending after December 31, 2022:

	Operating Leases
Years ending December 31:	
2023	$ 5,862,042
2024	7,624,843
2025	7,457,263
2026	7,455,955
2027	6,381,642
Thereafter	32,925,180
Total lease payments	67,706,925
Less present value discount	(8,948,814)
Total lease liabilities	58,758,111
Less current portion	(4,339,574)
Long-term lease liabilities	$ 54,418,537

Lease Guarantees

On occasion, the Company has acted as co-guarantor with certain of its franchisees in connection with leases necessary in establishing their businesses. As of December 31, 2022 (Successor), the Company had limited guarantees for leases on five franchised locations totaling a maximum of $6,708,276 in potential lease payments.

Litigation

The Company may be a party to routine claims brought against it in the ordinary course of business. The Company estimates whether such liabilities are probable to occur and whether reasonable estimates can be made and accrues liabilities when both conditions are met. Although the ultimate outcome of these matters, if and when they arise, cannot be accurately predicted due to the inherent uncertainty of litigation, in the opinion of management, based upon current information, no currently pending or overtly threatened claim is expected to have a material adverse effect on the Company's business, financial condition or results of operations. However, it is possible that an unfavorable resolution of one or more such future proceedings could materially and adversely affect the Company's financial position, results of operations or cash flows.

11. Insurance Activities

General liability limits provided are $250,000 per occurrence with no aggregate limit. Worker's compensation limits provided are $500,000 per occurrence with an aggregate limit of 150% of the Gross Net Written Premium. All policies issued during 2022 expire on May 27, 2023 to concur with primary policy terms. Premiums written for the period December 28, 2022 to December 31, 2022 (Successor) and the period January 1, 2022 to December 27, 2022 (Predecessor) were $0 and $7,079,201, respectively. Premiums earned for the period December 28, 2022 to December 31, 2022 (Successor) and the period January 1, 2022 to December 27, 2022 (Predecessor) were $0 and $6,102,857, respectively.

Incurred and Paid Claims Development by Accident Year - Incurred but not report (IBNR) reserve estimates are generally calculated by first projecting the ultimate cost of all claims that have occurred and then subtracting reported losses and loss expenses. Loss projections based upon industry data to develop loss development factors that multiplicatively accumulated to arrive at age-to-ultimate loss development factors.

Reported losses include cumulative paid losses and loss expenses plus case reserve estimates. The IBNR reserve includes a provision for the claims that have occurred but have not yet been reported, some of which are not yet known to the Company, as well as a provision for the future development on reported claims. The following paragraph details the IBNR liabilities and claims frequency, which is measured by claim event, for each accident year presented for the general liability coverage. Claim counts for the general liability coverage are presented based upon the number of claim occurrences reported.

For the period December 28, 2022 to December 31, 2022 (Successor) and for the period January 1, 2022 to December 27, 2022 (Predecessor), the Company incurred cumulative claims and claim adjustment expenses of $7,797,762 and had cumulative paid claims and allocated claim adjustment expenses of $1,642,815 resulting in liabilities for claims and claim adjustment expenses of $6,154,947. For the period December 28, 2022 to December 31, 2022 (Successor) and for the period January 1, 2022 to December 27, 2022 (Predecessor), expected development on reported claims and IBNR totaled $4,049,933 with cumulative reported claims of 404.

The unpaid insurance losses and loss adjustment expenses presented as liabilities on the consolidated balance sheets at December 31, 2022 (Successor) include the liabilities for claims and claim adjustment expenses of $6,154,947 and unallocated loss and loss adjustment expenses of $216,314.

12. Members' Equity

Prior to the transaction on December 27, 2022 (Predecessor), the Company was authorized to issue an unlimited number of $1,000 par value units in Class A units, Class B units and Class B-1 Units. The Company was authorized to issue 5% of outstanding Class A, Class B and Class B-1 units for Class C units and Class D units. As of December 31, 2021, issued and outstanding units included 26,728 Class A units, 25,381 Class B units and 1,738 Class B-1 Units.

Class A and Class B units accrued a preference on their contributed capital at a rate of 8.0% per annum, compounded annually from their respective issuance dates. Class A and Class B units were entitled to one vote per unit with Class B-1, Class C and Class D units having no voting rights.

Distributions and profits and losses were paid in the following priority: (1) to holders of Class A units until unpaid preferred returns are reduced to zero; (2) to holders of Class A units until unreturned capital is reduced to zero; (3) to holders of Class B units until unpaid preferred returns and unreturned capital are reduced to zero; (4) to holders of Class A units, Class B units, Class B-1 units, vested Class C units and vested Class D units proportionally based on total units issued, vested and outstanding, taking into account threshold values for Class C and Class D units ranging from $0 to $6,000 per Class A and B units outstanding.

In connection with the acquisition (Note 2), the Company amended and restated its Limited Liability Company Agreement (LLC Agreement) to authorize to issue 755,257.732 units of which 260,257.732 units are designated as Preferred Units and 495,000 units are designated as Common Units. 260,257.732 Common Units are reserved for issuance upon conversion of the Preferred Units. Upon the election of the holders of Preferred Units, the Preferred Units may be converted into Common Units on a 1-for-1 basis. As of December 31, 2022 (Successor), issued and outstanding units included 260,257.732 Preferred Units and 234,742.268 Common Units.

The Preferred Units and the Common Units have no voting rights.

Distributions are paid in the following priority: (1) to holders of Preferred Units until unreturned capital is reduced to zero; (2) to holders of Preferred Units and Common Units proportionally based on total units issued and outstanding.

Allocation of net profits and losses of the Company will be allocated among members in a manner such that the balance in each Member’s adjusted capital account for each fiscal year will be allocated among the Members in a manner such that the balance in each such Member’s adjusted capital account, immediately after making all allocations required for the relevant fiscal year is, as nearly as possible, equal to the amount that would be distributed to such Member if the Company were dissolved, its affairs wound up and its assets sold for cash equal to their respective Gross Asset Values, all liabilities were satisfied (limited with respect to each nonrecourse liability to the Fair Market Value of the asset securing such liability), and the net assets of the Company were distributed to the Members in accordance with the LLC Agreement.

Dissolution or winding up of the Company requires the vote, consent or approval of the Board.

13. Incentive Units

Prior to the transaction on December 27, 2022, the Company held an incentive unit plan which issued units to certain employees and others of the Company which represented an interest in the Company. The issuance of incentive units required board of director approval and issued incentive units will be bound by the terms of the incentive unit agreement. Class C and Class D units were intended to represent profit interests in the Company to incentivize individuals to achieve certain operating and financial objectives. The Company has granted Class C units that conditional vest over the requisite period which is typical four to five years (Time Vested Units) and Class D units that conditional vest upon a change in control transaction entered into by the Company (Performance Vesting Units), as defined in the Company agreements. Time Vested units are recognized as unit-based compensation as the services are provided. Performance Vesting Units are expensed upon a change in control.

Management determined the grant date fair value for Time Vested Units granted are considered insignificant and therefore no compensation expense has been recorded in prior years.

In connection with the December 27, 2022 change in control transaction, all remaining unvested Class C and Class D units became vested as a result of the transaction (Note 2). Total unit-based compensation related to the vesting of the performance units was $10,998,965. Since the accelerated vesting of performance units and subsequent payment was contingent on the closing of the transaction (Note 2) are not payable until consummation of the transaction.

Accordingly, no compensation expense was recorded in either the Predecessor or Successor period. Total unit-based compensation related to the performance-based units was $10,998,965 and was paid out to unit holders at the closing of the transaction.

The below table details grants, forfeitures and vesting of Class C and Class D incentive units for the period from January 1, 2022 to December 27, 2022 (Predecessor):

	Class C Units		Class D Units	
	Issued Units	**Vested Units**	**Issued Units**	**Vested Units**
Balance, January 1, 2022	2,576.69	1,182.38	2,664.61	-
Units vested	-	1,397.31	-	2,664.61
Units sold December 27, 2022	(1,289.85)	(1,289.85)	(1,332.31)	(1,332.31)
Units exchanged for Successor Units	(1,289.85)	(1,289.85)	(1,332.31)	(1,332.31)
Balance, December 27, 2022 (Predecessor)	-	-	-	-

During the period of January 1, 2022 to December 27, 2022 (Predecessor), 447.49 Class C units and 0 Class D units vested. On the date of the transaction, 949.82 Class C Units and 2,664.61 Class D units vested according to the terms of the individual grant agreements.

The Company has not created a new incentive unit plan as of December 31, 2022 (Successor).

14. Federal Income Taxes

Federal income taxes are related to Adventis (Note 3); accordingly, the federal income tax expense and components of the provision are only included for the period January 1, 2022 to December 27, 2022 (Predecessor). Income taxes were computed at the 21% statutory federal income tax rate for the period January 1, 2022 to December 27, 2022 (Predecessor) and a reconciliation to the provision for income taxes is as follows for the year ended December 31, 2022:

Federal income tax, statutory rate	$	181,505
Other		8,994
Total	$	190,499

The components of the provision for income taxes for the period January 1, 2022 to December 27, 2022 (Predecessor) are as follows:

Current	$	325,370
Deferred		(134,871)
Total	$	190,499

The tax effects of temporary differences that give rise to significant portions of the deferred taxes consisted of the following at December 31, 2022 (Successor):

Deferred tax assets and liabilities:		
Insurance loss reserve discounting	$	126,377
Unearned insurance premiums		120,456
Adventis start-up costs		8,259
Unrealized loss on investments		54,334
Deferred acquisition costs		(26,770)
Total deferred tax assets	$	282,656

The Company is required to periodically assess whether it is more likely than not that it will generate sufficient taxable income to realize its deferred tax assets. In making this determination, the Company considers all available positive and negative evidence and makes certain assumptions. The Company considers, among other things, its deferred tax liabilities, the overall business environment and its outlook for future years. At December 31, 2022 (Successor), management determined a valuation allowance for its net deferred tax assets is not required as realization of the deferred tax assets is more-likely-than-not.

15. Related-Party Transactions

As of December 31, 2022 (Successor), the Company had one franchisee partially owned by members of the Company that accounted for approximately $3,000 and $319,000 of revenues for the period December 28, 2022 to December 31, 2022 (Successor) and the period January 1, 2022 to December 27, 2022 (Predecessor), and accounts receivable of approximately $49,000 as of December 31, 2022, (Successor).

On March 1, 2018, the Company entered into a monitoring and oversight agreement (the Monitoring Agreement) with certain members of Predecessor. Under the terms of the Monitoring Agreement, the Company was obligated to pay a $125,000 quarterly monitoring and oversight fee to these members. The Monitoring Agreement terminated on December 27, 2022. Quarterly fees incurred under the Monitoring Agreement are included in selling, general and administrative expenses on the consolidated statements of operations and comprehensive income for the period December 28, 2022 to December 31, 2022 (Successor) and the period January 1, 2022 to December 27, 2022 (Predecessor) were $0 and $500,000, respectively.

The Company has a management agreement with an entity for which an employee of the management company is also a board member of Adventis. The management company performed, under the direction of the Company, certain management and administrative services and accounting services. The annual management fee is $77,688. For the period December 28, 2022 to December 31, 2022 (Successor) and the period January 1, 2022 to December 27, 2022 (Predecessor), total management fees amounted to $0 and $77,688, respectively. These costs are included in selling, general and administrative expenses on the consolidated statements of operations and comprehensive income.

16. Employee Benefit Plan

The Company sponsors a defined 401(k) contribution plan (the Plan) covering substantially all employees. Plan participants may make certain voluntary contributions in which they are 100% vested. The Company has agreed to make certain matching contributions to the Plan not to exceed the amount deductible for federal income tax purposes. The Company made matching contributions of $9,893, and $405,773 for the period December 28, 2022 to December 31, 2022 (Successor) and the period January 1, 2022 to December 27, 2022 (Predecessor), respectively.

17. Franchise Activities

During the period December 28, 2022 to December 31, 2022 (Successor) and the period January 1, 2022 to December 27, 2022 (Predecessor), the Company sold 2 and 207 franchise licenses, respectively. As of December 31, 2022 (Successor), the Company had 750 franchised locations in operations, respectively.

18. Subsequent Events

The Company evaluated all material events or transactions that occurred after December 31, 2022, the consolidated balance sheet date, through April 28, 2023, the date these consolidated financial statements were available to be issued, and did not identify any events or transactions for disclosure as subsequent events.

UA Holdings, LLC and Subsidiaries

Consolidated Statements of Operations and Comprehensive Income with Totals (Unaudited)
Periods From December 28, 2022 to December 31, 2022 (Successor) and January 1, 2022 to December 27, 2022 (Predecessor)

	Successor Period for Four Days of December 28, 2022 to December 31, 2022	Predecessor Period From January 1, 2022 to December 27, 2022	Total
Revenues			
Royalty revenues	$ 568,523	$ 48,956,875	$ 49,525,398
Attraction revenues	891,001	15,175,910	16,066,911
Merchandise revenues	64,375	7,317,829	7,382,204
Company owned unit revenues	307,532	15,434,936	15,742,468
Franchise fee revenues	50,000	4,008,469	4,058,469
Marketing fund revenues	1,831,429	19,218,819	21,050,248
Net earned insurance premiums	-	6,102,857	6,102,857
Other revenues	95,354	12,333,196	12,428,550
Total revenues	3,808,214	128,548,891	132,357,105
Operating Expenses			
Attraction costs	781,723	12,757,975	13,539,698
Merchandise costs	362	338,438	338,800
Company owned unit costs	124,915	13,336,113	13,461,028
Marketing fund costs	1,831,429	19,218,819	21,050,248
Salaries and wages	218,158	21,420,446	21,638,604
Incurred insurance losses and loss adjustment expenses	-	4,336,620	4,336,620
Selling, general and administrative	83,480	43,025,310	43,108,790
Amortization of goodwill	374,352	7,577,467	7,951,819
Depreciation expense	9,911	1,777,093	1,787,004
Total operating expenses	3,424,330	123,788,281	127,212,611
Net income (loss) from operations	383,884	4,760,610	5,144,494
Other Income (Expenses)			
Interest expense	(319,281)	(6,220,757)	(6,540,038)
Forgiveness of Paycheck Protection Program loan	-	1,251,796	1,251,796
Other income, net	-	(195,784)	(195,784)
Total other income (expenses)	(319,281)	(5,164,745)	(5,484,026)
Income (loss) before federal and state tax expenses	64,603	(404,135)	(339,532)
Federal tax expense	-	190,499	190,499
State tax expense	-	107,960	107,960
Net income (loss)	64,603	(702,594)	(637,991)
Comprehensive Income			
Unrealized holding gains on available for sale debt securities, net of tax	-	(208,672)	(208,672)
Comprehensive income (loss)	$ 64,603	$ (911,266)	$ (846,663)

UA Holdings, LLC and Subsidiaries

Consolidated Financial Statements

December 31, 2021, 2020 and 2019

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Independent Auditors' Report

To the Members and Management of
UA Holdings, LLC and Subsidiaries

Opinion

We have audited the consolidated financial statements of UA Holdings, LLC and Subsidiaries (the Company), which comprise the consolidated balance sheets as of December 31, 2021, 2020 and 2019, and the related consolidated statements of operations and comprehensive income, changes in members' equity and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021, 2020 and 2019, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Consolidated Financial Statements

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

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

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Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Plano, Texas
December 2, 2022

UA Holdings, LLC and Subsidiaries

Consolidated Balance Sheets
December 31, 2021, 2020 and 2019

	2021	2020	2019
Assets			
Current Assets			
Cash and cash equivalents	$ 30,385,913	$ 7,804,933	$ 6,538,001
Investments, at fair value	5,429,581	3,023,973	-
Accounts receivable, net	10,540,284	7,353,244	6,613,682
Inventory	398,672	130,252	102,470
Notes receivable, current, net of allowances	315,420	824,531	1,277,625
Deferred attractions costs	5,089,375	1,959,281	7,908,606
Deferred initial franchise fee costs, current	383,940	99,363	96,906
Deferred income taxes	147,785	72,284	-
Prepaids and other current assets	3,274,705	319,512	540,071
Total current assets	55,965,675	21,587,373	23,077,361
Notes Receivable, Net of Current Maturities	203,905	400,455	791,276
Deferred Initial Franchise Fee Costs, Net of Current Maturities	17,826,446	1,118,181	1,016,444
Property and Equipment, Net	5,530,160	6,250,471	8,156,074
Intangible Assets, Net	69,589,169	43,899,169	43,899,169
Goodwill, Net	68,349,667	12,667,447	14,434,998
Total assets	$ 217,465,022	$ 85,923,096	$ 91,375,322
Liabilities and Members' Equity			
Current Liabilities			
Accounts payable	$ 1,821,587	$ 1,385,175	$ 1,081,714
Accrued liabilities	7,638,708	5,309,827	3,091,591
Marketing funds	4,821,013	1,349,349	-
Deferred attractions revenues	9,419,563	3,629,839	16,342,722
Contract liabilities, current portion	1,732,131	657,273	275,160
Earn-out liability	-	3,000,000	3,000,000
Unpaid insurance losses and loss adjustment expenses	3,208,150	1,060,249	-
Unearned insurance premium	1,900,376	1,258,067	-
Insurance premium refunds and losses payable	5,270	765,919	-
Line of credit	-	1,000,000	-
Notes payable, current	100,202	2,453,409	2,000,000
Total current liabilities	30,647,000	21,869,107	25,791,187
Notes Payable, Net of Current Maturities and Debt Issuance Costs	61,558,612	5,752,238	5,455,667
Deferred Rent	1,355,045	1,176,768	1,306,495
Contract Liabilities, Net of Current Portion	36,612,417	6,456,073	6,457,477
Total liabilities	130,173,074	35,254,186	39,010,826
Members' Equity			
Class A members' equity, preferred return of $35,920,369, $33,266,352 and $30,795,928 at December 31, 2021, 2020 and 2019	26,728,000	26,728,000	26,728,000
Class B members' equity, preferred return of $33,922,926, $30,707,402 and $28,427,001 at December 31, 2021, 2020 and 2019	33,210,000	24,672,000	24,672,000
Class B-1 members' equity	6,286,000	-	-
Accumulated earnings (deficit)	21,066,942	(731,090)	964,496
Accumulated other comprehensive income, net of tax	1,006	-	-
Total members' equity	87,291,948	50,668,910	52,364,496
Total liabilities and members' equity	$ 217,465,022	$ 85,923,096	$ 91,375,322

See notes to consolidated financial statements

UA Holdings, LLC and Subsidiaries

Consolidated Statements of Operations and Comprehensive Income
Years Ended December 31, 2021, 2020 and 2019

	2021	2020	2019
Revenues			
Royalty revenues	$ 31,173,454	$ 10,250,734	$ 14,098,588
Attraction revenues	3,220,051	27,590,001	40,803,354
Merchandise revenues	6,089,537	2,290,197	3,473,702
Company owned unit revenues	6,454,766	1,344,079	3,481,499
Franchise fee revenues	1,656,885	586,240	434,392
Marketing fund revenues	17,023,563	2,358,894	-
Net earned insurance premiums	4,074,169	1,451,339	-
Other revenues	5,282,718	1,794,857	2,119,095
Total revenues	74,975,143	47,666,341	64,410,630
Operating Expenses			
Attraction costs	3,043,948	20,635,003	31,806,846
Merchandise costs	104,667	-	229,659
Company owned unit costs	4,536,760	1,674,500	2,823,356
Marketing fund costs	17,023,563	2,358,894	-
Salaries and wages	10,607,103	8,003,743	8,855,850
Incurred insurance losses and loss adjustment expenses	2,595,868	1,081,590	-
Selling, general and administrative	10,984,648	10,146,012	9,205,544
Amortization of goodwill	2,418,881	1,767,551	1,767,551
Depreciation expense	1,917,658	1,768,564	1,371,511
Loss on revaluation of earn-out liability	-	-	2,173,928
Loss on disposal of property and equipment	-	397,015	186,625
Total operating expenses	53,233,096	47,832,872	58,420,870
Net income (loss) from operations	21,742,047	(166,531)	5,989,760
Other Income (Expenses)			
Interest expense	(777,530)	(477,145)	(689,199)
Forgiveness of Paycheck Protection Program loan	2,421,708	-	-
Other income, net	14,968	5,909	33,741
Total other income (expenses)	1,659,146	(471,236)	(655,458)
Income (loss) before federal and state tax expenses	23,401,193	(637,767)	5,334,302
Federal tax expense	198,299	9,059	-
State tax expense	85,021	45,492	107,441
Net income (loss)	23,117,873	(692,318)	5,226,861
Comprehensive Income			
Unrealized holding gains on available for sale debt securities, net of tax	1,006	-	-
Comprehensive income (loss)	$ 23,118,879	$ (692,318)	$ 5,226,861

See notes to consolidated financial statements

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UA Holdings, LLC and Subsidiaries

Consolidated Statements of Changes in Members' Equity
Years Ended December 31, 2021, 2020 and 2019

	Class A Equity		Class B Equity		Class B-1 Equity		Accumulated Earnings (Deficit)	Accumulated Other Comprehensive Income	Total Members' Equity
	Units	Amount	Units	Amount	Units	Amount			
Balance, January 1, 2019	26,728	$ 26,728,000	24,672	$ 24,672,000	-	$ -	$ 90,764	$ -	$ 51,490,764
Cumulative adjustment for ASC 606 (Note 3)	-	-	-	-	-	-	(421,646)	-	(421,646)
Member tax distributions	-	-	-	-	-	-	(3,931,483)	-	(3,931,483)
Net income	-	-	-	-	-	-	5,226,861	-	5,226,861
Balance, December 31, 2019	26,728	26,728,000	24,672	24,672,000	-	-	964,496	-	52,364,496
Member tax distributions	-	-	-	-	-	-	(1,003,268)	-	(1,003,268)
Net loss	-	-	-	-	-	-	(692,318)	-	(692,318)
Balance, December 31, 2020	26,728	26,728,000	24,672	24,672,000	-	-	(731,090)	-	50,668,910
Class B-1 shares issued for the acquisition of Snapology, LLC (Note 2)	-	-	-	-	1,738	6,286,000	-	-	6,286,000
Class B shares issued for the acquisition of Premier Martial Arts Holdings, LLC (Note 2)	-	-	709	8,538,000	-	-	-	-	8,538,000
Member tax distributions	-	-	-	-	-	-	(1,319,841)	-	(1,319,841)
Net income	-	-	-	-	-	-	23,117,873	-	23,117,873
Accumulated other comprehensive income, net of tax	-	-	-	-	-	-	-	1,006	1,006
Balance, December 31, 2021	26,728	$ 26,728,000	25,381	$ 33,210,000	1,738	$ 6,286,000	$ 21,066,942	$ 1,006	$ 87,291,948

See notes to consolidated financial statements

UA Holdings, LLC and Subsidiaries

Consolidated Statements of Cash Flows
Years Ended December 31, 2021, 2020 and 2019

	2021	2020	2019
Cash Flows From Operating Activities			
Net income (loss)	$ 23,117,873	$ (692,318)	$ 5,226,861
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Allowance for doubtful accounts	231,286	1,056,681	166,018
Accretion of earn-out liability	-	-	168,324
Amortization of debt issuance costs	63,612	14,000	14,000
Provision for note receivable losses	(134,737)	215,666	-
Depreciation and amortization expense	1,917,658	1,768,564	1,371,511
Amortization of goodwill	2,418,881	1,767,551	1,767,551
Forgiveness on paycheck protection program loans	(2,421,708)	-	-
Loss on revaluation of earn-out liability	-	-	2,173,928
Loss on disposal of property and equipment	-	397,015	186,625
Change in operating assets and liabilities, net:			
Accounts receivable	(2,562,487)	(1,796,243)	(274,856)
Inventory	(218,944)	(27,782)	1,137,749
Deferred attractions costs	(3,130,094)	5,949,325	(21,386)
Deferred initial franchise fee costs	(368,930)	(104,194)	(147,005)
Deferred income taxes	(75,501)	(72,284)	-
Prepaids and other current assets	(2,860,601)	220,559	(195,140)
Accounts payable	(35,875)	303,461	(351,360)
Accrued liabilities	(500,498)	2,218,236	1,069,363
Marketing funds	3,471,664	1,349,349	-
Deferred attractions revenues	5,521,889	(12,712,883)	(4,916,248)
Contract liabilities	3,542,310	380,709	3,231,030
Unpaid insurance losses and loss adjustments	2,147,901	1,060,249	-
Unearned insurance premium	642,309	1,258,067	-
Insurance premium refunds and losses payable	(760,649)	765,919	-
Deferred rent	14,319	(129,727)	97,825
Net cash provided by operating activities	30,019,678	3,189,920	10,704,790
Cash Flows From Investing Activities			
Cash paid for acquisitions, net of cash acquired (Note 2)	(54,705,434)	-	-
Purchases of property and equipment	(942,682)	(264,326)	(3,431,557)
Proceeds from the sale of property and equipment	-	4,350	1,063,484
Purchases of investments (Note 4)	(2,405,608)	(3,023,973)	-
Proceeds from issuance of notes receivable	-	(176,032)	(816,940)
Payments received on notes receivable	840,398	804,281	1,021,495
Net cash used in investing activities	(57,213,326)	(2,655,700)	(2,163,518)
Cash Flows From Financing Activities			
Payments made on notes payable	(6,372,870)	(1,587,500)	(2,882,586)
Proceeds from issuance of notes payable	62,892,583	2,323,480	-
Net (payments) proceeds made on line of credit	(1,000,000)	1,000,000	-
Payments made on earn-out liability	(3,000,000)	-	(2,000,000)
Debt issuance costs	(1,426,250)	-	-
Member distributions	(1,319,841)	(1,003,268)	(3,931,483)
Net cash provided by (used in) financing activities	49,773,622	732,712	(8,814,069)
Effect of Unrealized Gains on Available for Sale Debt Securities	1,006	-	-
Net change in cash and cash equivalents	22,580,980	1,266,932	(272,797)
Cash and Cash Equivalents, Beginning	7,804,933	6,538,001	6,810,798
Cash and Cash Equivalents, Ending	$ 30,385,913	$ 7,804,933	$ 6,538,001
Supplemental Disclosures			
Cash paid for interest expense	$ 633,577	$ 250,781	$ 511,421
Cash paid for federal taxes	$ 175,000	$ 110,000	$ -
Cash paid for state taxes	$ 66,015	$ 77,242	$ 39,298
Noncash Transactions			
Forgiveness on paycheck protection program loans	$ 2,421,708	$ -	$ -
Issuance of Class B units for the acquisition of Premier Martial Arts Holdings, LLC	$ 8,538,000	$ -	$ -
Issuance of Class B-1 units for the acquisition of Snapology, LLC	$ 6,286,000	$ -	$ -

See notes to consolidated financial statements

1. Nature of Operations

UA Holdings, LLC (Holdings or the Company) was organized January 30, 2018 as a Delaware limited liability company. The consolidated financial statements at December 31, 2021 include the accounts of UA Holdings, LLC and its wholly owned subsidiaries, Unleashed Brands, LLC and its subsidiaries and Adventis Insurance, Inc (collectively, the Company).

As of December 31, 2021, the Company's portfolio of four franchised brands includes: "Urban Air Adventure Parks" a family entertainment facility developer and franchisor; "Snapology" a franchisor of STEM/STEAM curriculum for children which was acquired on July 14, 2021; "The Little Gym" a franchisor of enrichment and physical development centers for children which was acquired on November 19, 2021 and "Premier Martial Arts" a franchisor of martial arts studios focused on children which was acquired on December 15, 2021. In addition to franchised owned locations, the Company owns and operated 8 company-owned locations of its brands as of December 31, 2021. Adventis Insurance, Inc, commenced operations on April 1, 2020 and Unleashed Brands, LLC commenced operations on September 1, 2021. The liability of the members of the Company is generally limited to the amount of their capital contributions. The Company has a perpetual duration unless dissolved earlier in accordance with the Company operating agreement.

2. Acquisitions

During the year ended December 31, 2021, the Company completed acquisitions of the following franchised brands:

Snapology, LLC

On July 14, 2021, UA Holdings, LLC (Buyer) entered into a securities purchase agreement to purchase 100% of the issued and outstanding equity and equity-linked interests (collectively, the Shares) of Snapology, LLC (Seller or SNAP). SNAP is an interactive education franchise that provides curriculum based courses, events, and hands on learning experiences for children. The purpose of the transaction was to add family-focused franchise brands to the Unleashed Brands family of companies. Goodwill was calculated and recognized consistent with business combination accounting resulting in the recognition of $6,638,391 in goodwill. The factors that make up goodwill include the value of the acquired workforce and opportunities to expand on the relationship with current customers into new territories, neither of which qualify as separate intangible assets. Goodwill is expected to be deductible for tax purposes.

The SNAP acquisition was accounted for using business combination accounting and, accordingly, the consolidated statement of operations includes the results of operations beginning July 14, 2021. Transaction costs related to the SNAP acquisition totaled $79,900 and are included in selling, general and administrative expenses in the consolidated statements of operations and comprehensive income for the year ended December 31, 2021.

The total purchase consideration for the SNAP acquisition was $7,286,000, which included $1,000,000 in cash paid to the Sellers and 1,738 Class B-1 units in UA Holdings estimated to be valued at $6,286,000. The Class B-1 units were valued by estimating the UA Holdings enterprise value post acquisition using a Monte Carlo Simulation calculating various estimated discounted cash flow projections and estimated likelihoods for each projection.

The total purchase consideration has been allocated to the following assets and liabilities as of the July 14, 2021 acquisition date as follows:

Cash and cash equivalents	$	40,826
Accounts receivable		40,368
Inventory		24,884
Property and equipment		21,360
Deferred initial franchise fee costs		655,118
Franchise agreements		1,340,000
Trade name		440,000
Goodwill		6,638,391
Contract liabilities		(1,914,947)
Total purchase price	$	7,286,000

The SNAP acquisition was recorded by allocating the total purchase consideration to the fair value of net assets acquired. The fair value of intangible assets at the SNAP acquisition date included $440,000 for trademarks and $1,340,000 for franchise agreements. Management determined the estimated fair values of intangible assets as of the SNAP acquisition date using the relief from royalty method for trademarks and income approach for franchise agreements. The relief from royalty method used to estimate the fair values of trademarks estimate projected future cost savings achieved by avoiding the use of third-party trademarks or licensing third-party software. Projected cash flows or cash savings are discounted at a required rate of return that reflects the relative risk of achieving the cash flows and the time value of money. Franchise agreements were valued using the income approach method used to estimate the fair values of franchise agreements. A derivation of discounted cash flow analysis, specifically the Multi period Excess Earnings Method (MPEEM), was performed on the future projected cash flow of the existing franchise agreements. The fair value was then determined by adding the present value of the franchisee cash flows with the present value of the income tax benefit resulting from the amortization of the asset.

The Little Gym International, LLC

On November 19, 2021, UA Holdings, LLC (Buyer) entered into a securities purchase agreement to purchase 100% of the issued and outstanding equity and equity-linked interests (collectively, the Shares) of The Little Gym International, LLC (Seller or TLGI). TLGI is a franchisor of enrichment and physical development centers for children to create a positive learning environment around physical activity. The purpose of the transaction was to add family-focused franchise brands to the Unleashed Brands family of companies. Goodwill was calculated and recognized consistent with business combination accounting resulting in the recognition of $16,093,891 in goodwill. The factors that make up goodwill include the value of the assembled workforce and opportunities to expand on the relationship with current customers into new territories, neither of which qualify as separate intangible assets. Goodwill is expected to be deductible for tax purposes.

The TLGI acquisition was accounted for using business combination accounting and, accordingly, the consolidated statement of operations and comprehensive income includes the results of operations beginning November 19, 2021. Transaction costs related to the TLGI acquisition totaled $298,381 and are included in selling, general and administrative expenses in the consolidated statements of operations and comprehensive income for the year ended December 31, 2021.

The total purchase consideration for the TLGI acquisition was $18,500,000, which was funded through the issuance of debt. The total purchase consideration has been allocated to the following assets and liabilities as of the November 19, 2021 acquisition date as follows:

Cash and cash equivalents	$ 259,734
Accounts receivable	742,897
Prepaids, inventory & other current assets	49,365
Property and equipment	139,053
Deferred initial franchise fee costs	174,538
Franchise agreements	8,860,000
Goodwill	16,093,891
Trade name	530,000
Current liabilities	(1,541,968)
Contract liabilities	(6,076,567)
PPP loan assumed	(730,943)
Total purchase price	$ 18,500,000

The TLGI acquisition was recorded by allocating the total purchase consideration to the fair value of net assets acquired. The fair value of intangible assets at the TLGI acquisition date included $530,000 for trademarks and $8,860,000 for franchise agreements. Management determined the estimated fair values of intangible assets as of the TLGI acquisition date using the relief from royalty method for trademarks and income approach for franchise agreements. The relief from royalty method used to estimate the fair values of trademarks estimate projected future cost savings achieved by avoiding the use of third-party trademarks or licensing third-party software. Projected cash flows or cash savings are discounted at a required rate of return that reflects the relative risk of achieving the cash flows and the time value of money. Franchise agreements were valued using the income approach method used to estimate the fair values of franchise agreements. A derivation of discounted cash flow analysis, specifically the Multi period Excess Earnings Method (MPEEM), was performed on the future projected cash flow of the existing franchise agreements. The fair value was then determined by adding the present value of the franchisee cash flows with the present value of the income tax benefit resulting from the amortization of the asset.

Premier Martial Arts Holdings, LLC

On December 15, 2021, UA Holdings, LLC (Buyer) entered into a securities purchase agreement to purchase 100% of the issued and outstanding equity and equity-linked interests (collectively, the Shares) of Premier Martial Arts Holdings, LLC (Seller or PMA) for $45,348,464. The purchase agreements included multiple parties which made up different considerations of aggregate purchase price. Parties included are the franchisor and several locations owned by management for consideration of $34,693,128; two minority owners of PMA for consideration of $1,306,872; and majority seller of PMA with Class B units of the Buyer valued at an estimated $8,538,000 and $810,464 deferred and payable in May of 2022. PMA is a franchisor of martial arts studios focused on classes and lessons teaching children martial arts principals. The purpose of the transaction was to add family-focused franchise brands to the Unleashed Brands family of companies. Goodwill was calculated and recognized consistent with business combination accounting resulting in the recognition of $35,366,896 in goodwill. The factors that make up goodwill include the value of the acquired workforce and opportunities to expand on the relationship with current customers into new territories, neither of which qualify as separate intangible assets. Goodwill is expected to be deductible for tax purposes.

The PMA acquisition was accounted for using business combination accounting and, accordingly, the consolidated statement of operations includes the results of operations beginning December 15, 2021. Transaction costs related to the PMA acquisition totaled $992,500 and are included in selling, general and administrative expenses in the consolidated statements of operations and comprehensive income for the year ended December 31, 2021.

The total purchase consideration for the PMA acquisition was $45,348,464, which included $36,000,000 in cash paid to the Sellers, $8,538,000 for estimated value of 709.09 Class B units in UA Holdings, and $810,464 deferred and payable to Sellers in May 2022. The Class B units were valued by estimating the UA Holdings enterprise value post acquisition using a Monte Carlo Simulation calculating various estimated discounted cash flow projections and estimated likelihoods for each projection.

The total purchase consideration has been allocated to the following assets and liabilities as of the December 15, 2021 acquisition date as follows:

Cash and cash equivalents	$ 494,006
Accounts receivable	72,574
Prepaid expenses & other current assets	69,818
Property and equipment	96,175
Deferred initial franchise fee costs	15,794,256
Franchise agreements	12,920,000
Trade name	1,600,000
Goodwill	35,366,896
Current liabilities	(1,367,883)
Contract liabilities	(19,697,378)
Total purchase price	$ 45,348,464

The PMA acquisition was recorded by allocating the total purchase consideration to the fair value of net assets acquired. The fair value of intangible assets at the PMA acquisition date included $1,600,000 for the trade name and $12,920,000 for franchise agreements. Management determined the estimated fair values of intangible assets as of the PMA acquisition date using the relief from royalty method for the trade name and income approach for franchise agreements. The relief from royalty method used to estimate the fair value of the trade name estimate projected future cost savings achieved by avoiding the use of third-party trademarks or licensing third-party software. Projected cash flows or cash savings are discounted at a required rate of return that reflects the relative risk of achieving the cash flows and the time value of money. Franchise agreements were valued using the income approach method used to estimate the fair values of franchise agreements. A derivation of discounted cash flow analysis, specifically the Multi period Excess Earnings Method (MPEEM), was performed on the future projected cash flow of the existing franchise agreements. The fair value was then determined by adding the present value of the franchisee cash flows with the present value of the income tax benefit resulting from the amortization of the asset.

3. Summary of Significant Accounting Policies

Basis of Presentation

The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). All significant intercompany balances and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Recent Accounting Pronouncements

During February 2016, the FASB issued ASU No. 2016-02, *Leases* (Topic 842). ASU No. 2016-02 requires lessees to recognize the assets and liabilities that arise from leases on the balance sheet. A lessee should recognize in the statement of financial position a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term. During 2018, the FASB also issued ASU No. 2018-01, *Land Easement Practical Expedient*, which permits an entity to elect an optional transition practical expedient to not evaluate land easements that existed or expired before the entity's adoption of Topic 842 and that were not previously accounted for under Accounting Standards Codification (ASC) 840; ASU No. 2018-10, *Codification Improvements to Topic 842, Leases*, which addresses narrow aspects of the guidance originally issued in ASU No. 2016-02; ASU No. 2018-11, *Targeted Improvements*, which provides entities with an additional (and optional) transition method whereby an entity initially applies the new leases standard at the adoption date and recognizes a cumulative-effect adjustment to the opening balance of retained earnings in the period of adoption and also provides lessors with a practical expedient, by class of underlying asset, to not separate nonlease components from the associated lease component and, instead, to account for those components as a single component; and ASU No. 2018-20, *Narrow-Scope Improvements for Lessors*, which addresses sales and other similar taxes collected from lessees, certain lessor costs, and the recognition of variable payments for contracts with lease and nonlease components. During 2019, the FASB issued ASU No. 2019-01, *Leases (Topic 842): Codification Improvements*, which deferred the effective date for certain entities and, during 2020, issued ASU No. 2020-05, *Effective Dates for Certain Entities*, which deferred the effective date of ASU No. 2016-02 for those entities that had not yet issued their financial statements at the time of ASU No. 2020-05's issuance. Topic 842 (as amended) is effective for annual periods beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022. Early adoption is permitted. The Company is currently assessing the effect that Topic 842 (as amended) will have on its results of operations, financial position and cash flows.

During December 2019, the FASB issued ASU No. 2019-12, *Simplifying the Accounting for Income Taxes.* ASU No. 2019-12 simplifies the accounting for income taxes by removing the following exceptions: (a) exception to the incremental approach for intraperiod tax allocation when there is a loss from continuing operations and income or a gain from other items; (b) exception to the requirement to recognize a deferred tax liability for equity method investments when a foreign subsidiary becomes an equity method investment; (c) exception to the ability not to recognize a deferred tax liability for a foreign subsidiary when a foreign equity method investment becomes a subsidiary; and (d) exception to the general methodology for calculating income taxes in an interim period when a year-to-date loss exceeds the anticipated loss for the year. The ASU also makes the following amendments to the guidance: (a) requiring that an entity recognize a franchise tax (or similar tax) that is partially based on income as an income-based tax and account for any incremental amount incurred as a nonincome-based tax; (b) requiring that an entity evaluate when a step-up in the tax basis of goodwill should be considered part of the business combination in which the book goodwill was originally recognized and when it should be considered a separate transaction; (c) specifying that an entity is not required to allocate the consolidated amount of current and deferred tax expense to a legal entity that is not subject to tax in its separate financial statements, however, an entity may elect to do so (on an entity-by-entity basis) for a legal entity that is both not subject to tax and disregarded by the taxing authority; (d) requiring that an entity reflect the effect of an enacted change in tax laws or rates in the annual effective tax rate computation in the interim period that includes the enactment date; and (e) and making minor Codification improvements for income taxes related to employee stock ownership plans and investments in qualified affordable housing projects accounted for using the equity method. ASU No. 2019-12 is effective for fiscal years beginning after December 15, 2021, and interim periods within annual periods beginning after December 15, 2022. Early adoption is permitted. The Company is currently assessing the effect that ASU No. 2019-12 will have on its results of operation, financial position and cash flows.

During October 2021, the FASB issued ASU No. 2021-07, *Determining the Current Price of an Underlying Share for Equity-Classified Share-Based Awards.* ASU No. 2021-07 provides for a practical expedient for private companies for all equity-classified share-based awards within the scope of Topic 718, *Compensation - Stock Compensation*. The practical expedient in ASU No. 2021-07 is effective prospectively for all qualifying awards granted or modified during fiscal years beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022. Early application, including application in an interim period, is permitted for financial statements that have not been issued or made available for issuance as of October 25, 2021. The Company is currently assessing the effect that ASU No. 2021-07 will have on its results of operation, financial position and cash flows.

Investments

Investments in equity securities, with readily determinable fair values, are measured at fair value at the time of purchase, with subsequent changes in fair value included in other income or expense on the statement of operations.

Fair Value Measurements

FASB ASC 820, *Fair Value Measurements and Disclosures*, defines fair value as the price that would be received to sell an asset, or paid to transfer a liability, in the principal or most advantageous market in an orderly transaction between market participants on the measurement date. The fair value standard also establishes a three-level hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of observable inputs when measuring fair value.

The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability on the measurement date. The three levels are defined as follows:

Level 1 - Quoted prices are available in active markets for identical instruments as of the reporting date. The type of instruments included in Level 1 include listed equities and listed derivatives.

Level 2 - Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies. Instruments which are generally included in this category include corporate bonds and loans, less liquid and restricted equity securities and certain over-the-counter derivatives.

Level 3 - Pricing inputs are unobservable for the instrument and includes situations where there is little, if any, market activity for the instrument. The inputs into the determination of fair value require significant management judgment or estimation. Instruments that are included in this category generally include general and limited partnership interests in corporate private equity and real estate funds, mezzanine funds, funds of hedge funds, distressed debt and noninvestment grade residual interests in securitizations and collateralized debt obligations.

Cash and Cash Equivalents

The Company considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. At December 31, 2021, 2020 and 2019, the Company had $1,237,375, $1,000,000 and $0, respectively in such investments. The Company maintains deposits primarily in two financial institutions, which may at times exceed amounts covered by insurance provided by the U.S. Federal Deposit Insurance Corporation (FDIC). The Company has not experienced any losses related to amounts in excess of FDIC limits.

Investments in Debt and Equity Securities

All of the Company's debt securities as of December 31, 2021 and 2020 were classified as available for sale. Available for sale securities may be sold prior to maturity and are carried at fair value. The Company accounts for its investments in debt securities in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 320, *Investments - Debt Securities* (ASC 320). Management determines the appropriate classification of its investments at the time of purchase and reevaluates such determination at each balance sheet date.

The amortized cost of debt securities is adjusted using the effective interest rate method for amortization of premiums and accretion of discounts. Such amortization and accretion is included in net investment income on the consolidated statements of operations and comprehensive income. Net unrealized gains on available for sale debt securities as of December 31, 2021 and 2020 were $854 and $0, respectively, and are included in other income in the consolidated statements of operations and comprehensive income.

Unrealized holding gains and losses related to debt securities are reported as a separate component of total shareholders' equity as accumulated other comprehensive income, net of tax. The amortized cost of debt securities is adjusted using the interest method for amortization of premiums and accretion of discounts. Such amortization and accretion amounts are included in net investment income. Realized investment gains and losses on investments sold and/or matured are determined on a specific identification basis and are included in comprehensive income.

Other Than Temporary Impairments on Investments

The Company determines other than temporary impairments on debt securities in accordance with certain provisions of FASB ASC 320. This guidance requires the Company to evaluate whether it intends to sell an impaired debt security or whether it is more likely than not that it will be required to sell an impaired debt security before recovery of the amortized cost basis. If either of these criteria are met, an impairment equal to the difference between the debt security's amortized cost and its fair value is recognized in earnings. For impaired debt securities that do not meet these criteria, the Company determines if a credit loss exists with respect to the impaired security. If a credit loss exists, the credit loss component of the impairment, which is equal to the difference between the security's amortized cost and its projected net present value of future cash flows from the security, is recognized in earnings and the remaining portion of the impairment is recognized as a component of other comprehensive income. No impairments related to debt securities were recorded in 2021. At December 31, 2021, the Company held $2,140,991 in debt securities (Note 4). No debt securities were held as of December 31, 2020 and 2019.

Accounts Receivable

Accounts receivable consists of franchise royalties and other costs billed to franchisees. Accounts receivable are stated at amounts management expects to collect from outstanding balances. Credit is extended to customers based upon evaluation of the customer's financial condition, and collateral is not required. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable.

As of December 31, 2021, 2020 and 2019, the Company had an allowance for doubtful accounts of $3,620,908, $3,258,791 and $2,202,110, respectively.

Inventory

Inventory is stated at the lower of cost or net realizable value using the first-in, first-out method. The Company records a provision for obsolete and slow-moving inventory, when necessary, based on current inventory levels as well as historical and expected future production levels. Based on the Company's assessment, there was no provision for obsolete inventory at December 31, 2021, 2020 and 2019.

Notes Receivable

From time to time, as part of generating attraction revenues, the Company provided financing to franchisees during initial construction of their adventure park attractions. Notes are typically issued between $200,000 and $250,000 and call for monthly payments to begin upon opening the franchise locations with most notes maturing from 2 to 5 years thereafter. Notes receivable are secured by the property and equipment at the franchise location and are personally guaranteed by the individual franchisees'. The notes receivable have contractual interest rates ranging from 1.15% to 3%. The Company also charges an additional royalty fee until paid in full at 1% to 1.50% of the franchisees' gross monthly sales.

The Company continually monitors notes receivable for potential losses or impairment when it is probable the Company will be unable to collect all amounts all principal and interest due. Due to the relationship as the franchisor and ability to dictate the timing of payments if deemed necessary, the Company believes collectability is reasonably assured through franchise operations and does not place notes receivable on nonaccrual status unless specifically identifies for allowance provisions. The allowance for potential losses on notes receivable was $80,928, $215,666 and $0 as of December 31, 2021, 2020 and 2019, respectively.

Deferred Initial Franchise Fee Costs

The Company has capitalized costs in relation to variable costs incurred for the sale of franchise agreements. Capitalized costs directly related to these activities were $18,210,386, $1,217,544 and $1,113,350 as of December 31, 2021, 2020 and 2019, respectively, and were reported as deferred initial franchise fee costs on the accompanying consolidated balance sheets.

Property and Equipment

Property and equipment are stated at historical cost less accumulated depreciation. Expenditures which substantially improve or extend the useful life of property are capitalized. Routine maintenance and repair costs are expensed as incurred. Property and equipment are capitalized if they have individual costs of at least $5,000 and useful lives of greater than one year. Leasehold improvements are amortized on a straight-line basis over the shorter of the estimated useful life of the related asset or the remaining life of the lease plus reasonable extensions included in the lease agreement. Upon retirement or disposition of property and equipment, the cost and related accumulated depreciation are removed from the accounts, and the gains or losses are reflected in the consolidated statement of operations.

Depreciation is calculated using the straight-line method over the established useful lives of the individual assets as follows:

	Useful Lives
Transportation assets	3-5 years
Leasehold improvements	7-15 years
Computer and software	3 years
Furniture, fixtures and equipment	5 years

Impairment of Long-Lived Assets

In accordance with ASC 360-10, *Accounting for the Impairment or Disposal of Long-Lived Assets*, the Company reviews long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may no longer be recoverable. The Company assesses recoverability of the carrying amount by estimating the undiscounted future net cash flows expected to result from the asset over its expected useful life, including eventual disposition. If the future undiscounted net cash flows are less than the carrying amount of the asset, an impairment loss is recorded equal to the difference between the assets carrying amount and its fair value. No impairment of long-lived assets was recognized as of December 31, 2021, 2020 and 2019.

Goodwill

Goodwill represents the excess of the cost of an acquired entity over the net amounts assigned to assets acquired, including intangible assets and liabilities assumed. In accordance with FASB ASC 350-20, *Goodwill*, the Company has elected to amortize goodwill on a straight-line basis over an estimated useful life of 10 years. Management will monitor the useful life of goodwill to determine if events or changes in circumstances warrant a revision to the remaining amortization period. The Company is required to test goodwill for impairment annually or whenever events or changes in circumstances indicate the carrying value of goodwill may not be recoverable. Under ASC 350-20, the Company has elected to apply the qualitative assessment method in determining whether it is more likely than not the fair value of the Company is less than its carrying amount. The Company determined that goodwill was not impaired as of December 31, 2021, 2020 and 2019.

Intangible Assets

Intangible assets arising from the acquisitions of UATP Management, LLC, Snapology, LLC, The Little Gym International, LLC and Premier Martial Arts Holdings, LLC were estimated to have indefinite lives. Intangible assets are reviewed for impairment on an annual basis or whenever events or changes in circumstances indicate their carrying values may not be recoverable. The Company determined intangible assets were not impaired as of December 31, 2021, 2020 and 2019. Intangible assets consisted of the following as of December 31:

	2021	2020 and 2019
Royalty agreements	$ 59,900,927	$ 36,780,927
Trade names	8,850,200	6,280,200
Management agreements	838,042	838,042
Total	$ 69,589,169	$ 43,899,169

Debt Financing Costs

Costs related to obtaining financing are capitalized and presented as a deduction against the corresponding debt. Debt financing costs are amortized over the respective debt agreement using the effective interest method with amortization expense included in interest expense in the consolidated statement of operations and comprehensive income. The Company has recorded $1,426,250 in gross debt financing costs related to its 2021 Term Loan (Note 10) and $70,000 in gross debt financing costs related to it 2018 financing that are being amortized over the term of the associated debt. Amortization expense totaled $63,612, $14,000 and $14,000 for the years ended December 31, 2021, 2020 and 2019, respectively. The unamortized debt financing costs at the time of the 2021 financing were included in interest expense on the accompanying consolidated statement of operations and comprehensive income during the year ended December 31, 2021. Unamortized debt financing costs were $1,392,971, $30,333 and $44,333 at December 31, 2021, 2020 and 2019, respectively.

Insurance Related Activities

The Company began operating Adventis Insurance, Inc. (Adventis), a wholly owned subsidiary of the Company and captive insurance company, commencing operations on April 1, 2020. Adventis issued policies for general liability coverage to franchise owners of Urban Air Adventure Parks.

Unpaid Insurance Losses and Loss Adjustment Expenses - Reserves for unpaid losses and loss adjustment expenses includes case basis estimates of reported losses, plus amounts for incurred but not reported losses calculated based upon loss projections utilizing industry data. In establishing this reserve, the Company utilizes the findings of an independent consulting actuary. Management believes that its aggregate reserve for unpaid losses and loss adjustment expenses at year end represents its best estimate, based on the available data, of the amount necessary to cover the ultimate cost of losses. As adjustments to these estimates become necessary, such adjustments are reflected in current operations.

Insurance Premiums - Premiums are earned over the period that coverage is provided. Unearned premiums are calculated on a daily pro-rata basis for the unexpired terms of individual policies in force.

Premium Deficiency - The Company recognizes premium deficiencies when there is a probable loss on an insurance contract. Premium deficiencies are recognized if the sum of expected losses and loss adjustment expenses, expected dividends to the policy holder, unamortized deferred acquisition costs, and maintenance costs exceed unearned premiums and anticipated investment income. There was no premium deficiency as of December 31, 2021 or 2020.

Insurance Premium Refunds and Losses Payable - As of December 31, 2020, the Company collected premiums in excess of the amounts owed. Total premium refunds due to policyholders amounted to $806,983 as of December 31, 2020 and were paid during 2021. There were no premium refunds payable as of December 31, 2021.

Comprehensive Income

The Company reports comprehensive income in accordance with FASB ASC 220, *Comprehensive Income*. Comprehensive income is a measurement of certain changes in stockholder's equity that result from transactions and other economic events other than transactions with the stockholder. For the Company, these consist of changes in unrealized gains and losses on available for sale debt securities, which are used to adjust net income to arrive at comprehensive income. The cumulative amount of these changes is reported in the consolidated balance sheets within accumulated other comprehensive income, net of tax.

Revenue Recognition

On January 1, 2019, the Company adopted the FASB Accounting Standards Update (ASU) No. 2014-09, *Revenue From Contracts With Customers* (*Topic 606*), and all related amendments using the modified retrospective transition method.

ASU 2014-09 created ASC 340-40, *Contracts with Customers*, which requires that costs to obtain a contract that would have been incurred regardless of whether the contract was obtained are to be expensed when incurred. Upon adoption of ASC 340-40 on January 1, 2019, the Company capitalized $966,345 of costs that had previously been expensed related to costs that were directly related to obtaining a contract.

The adoption of Topic 606 resulted in a decrease in beginning members' equity of $421,646 as of January 1, 2019. The adjustment includes the capitalized costs previously disclosed and the deferral of initial franchise fees totaling $1,387,991 as of January 1, 2019 that were previously recognized upon opening of the franchise locations.

The Company's revenues are substantially comprised of service revenues. Revenue is recognized when the Company satisfies its performance obligation under each contract after it has provided the service to each customer. A performance obligation is a promise in a contract to transfer a distinct product or service to a customer.

Revenue is measured as the amount of consideration the Company expects to receive in exchange for transferring products or providing services. The nature of the Company's contracts do not give rise to any notable amounts of variable consideration with its customers. The Company's contracts do not give rise to any significant financing components (including contracts where the timing of the transfer of goods or services is at the discretion of the customer). Neither the type or location of services performed do not significantly impact the nature, amount, timing or uncertainty of revenues and cash flows.

A contract's transaction price is allocated to each distinct performance obligation within the contract. Substantially all of the Company's contracts have a single performance obligation. In instances where multiple performance obligations may exist, due to the short duration of the arrangements or the insignificance of certain performance obligations, in substantially all cases it is not necessary to allocate the transaction price to the distinct performance obligations as any potential allocations would result in a nominally different accounting outcome.

Substantially all of the Company's revenues are from services provided to customers at a point in time, with the exception of franchise fee revenue and insurance premiums, which are deferred and recognized over the term of the related agreements.

Sales, value added, and other taxes collected from customers and remitted to governmental authorities are accounted for on a net (excluded from revenues) basis.

The primary sources of revenue for the Company are recognized as follows:

Royalty Revenues - Royalty revenue is recognized in the period earned and is equal to approximately 7 to 8% of gross franchisee revenue. Royalty revenues are allocated to the outcome from the performance obligation of having access to the license i.e. franchise location's monthly sales. The Company records the royalty revenue as the franchisee's monthly sales occur.

Attraction Revenues - Attraction revenue is recognized as revenue when earned, which is at the grand opening of the associated franchise park.

Merchandise Revenues - Merchandise revenue relates to commissions received from third-party companies that purchase, inventory and sell merchandise to franchisee locations. The third-party vendors provide this merchandise at a cost to the franchisees that is lower than they could otherwise purchase individual items in like quantities, quality, etc. The third parties, under license from the Company of its trademarks, procures licensed products from manufacturers and sells them to the Company's franchisees. The Company recognizes revenue as the underlying purchases are made by the franchisees, net of estimated returns, based on agreed upon commission rates.

Franchise Fee Revenues - Franchise fee revenue is recognized as revenue when earned. The Company receives an initial franchise fee as franchise agreements are signed. Franchise fee revenue is deferred until opening of the location, and then recognized over the term of the franchise agreement, which is typically 10 years (over time revenue). At December 31, 2021, 2020 and 2019, deferred franchise fee revenues totaled $38,344,548, $6,937,397 and $6,732,637, respectively (Note 8).

Other Revenues - Other revenues include various ancillary revenue streams all recognized when earned, which is generally as services are performed.

Marketing Fund Revenues - The Company administers various Marketing Funds for its brands, for which franchisees and Company-owned parks both contribute. The earliest Marketing Fund included in these financial statements began in August 2020. The contributions range from 1 to 4% of gross sales based on the franchise brand. These contributions are used for various forms of brand advertising in accordance with its various brand franchise agreements. The Company has a contractual obligation to use Marketing Fund contributions for advertising, public relations, merchandising and similar activities. Marketing Fund liabilities are included in the consolidated balance sheet as marketing funds and totaled $4,821,013, $1,349,349 and $0 as of December 31, 2021, 2020 and 2019, respectively. Marketing Fund revenues and expenditures are recorded on a gross basis within the consolidated statements of operations as contributions are billed, increasing both the gross amount of reported revenues and expenses and generally has no impact on income (loss) from operations and net income (loss).

The Company disaggregates revenue from contracts with customers by project type, as the Company believes it best depicts how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. All of the Company's revenues are recognized at a point in time with the exception of initial franchise fees and insurance premiums, which are recognized over the term of the related agreements. The following table presents the Company revenues disaggregated by timing:

	2021	2020	2019
Over time revenue	$ 5,731,054	$ 2,037,579	$ 434,392
Point in time revenue	69,244,089	45,628,762	63,976,238
Total revenues	$ 74,975,143	$ 47,666,341	$ 64,410,630

Contract Assets and Liabilities

The Company has contract liabilities, which represent deferred revenues from certain pre-opening activities and area development fees. The Company has determined that pre-opening activities and area development fees do not represent distinct goods or services transferred to the franchisee. Accordingly, these costs are deferred over the related franchise agreement, which is typically 10 years. Contract liabilities, net of current portion at December 31, 2021, 2020 and 2019, were $36,612,417, $6,456,073 and $6,457,477, respectively (Note 8).

The Company's contract assets relating to attraction costs include the costs to acquire and transport the attraction equipment, direct labor for its installation and other indirect costs related to contract performance. All costs incurred are recorded in the consolidated balance sheet as deferred attraction costs and are incurred on uncompleted attractions until the associated revenues are realizable, which is typically at the grand opening. As of December 31, 2021, 2020 and 2019, incurred costs related to unopened franchise parks totaled $5,089,375, $1,959,281 and $7,908,606, respectively.

Advertising Costs

Advertising costs are expensed as incurred and totaled $1,161,842, $3,549,723 and $1,212,091 for the years ended December 31, 2021, 2020 and 2019, respectively. These costs are included in selling, general and administrative expenses on the consolidated statement of operations.

Income Taxes

The Company is organized as a Delaware limited liability company and therefore, federal taxes are paid at the member level. The Company is subject to various state taxes.

The Company's wholly owned subsidiary Adventis Insurance, Inc. (Adventis) is a tax paying entity subject to U.S. federal income taxes. Accordingly, the Company accounts for deferred taxes at Adventis. Deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the financial statement carrying amounts of assets and liabilities and their respective tax basis. A valuation allowance is recorded against any deferred tax asset when, in the opinion of management, it is more likely than not that the asset will not be realized.

The Company accounts for uncertain tax positions in accordance with the asset and liability method. The Company has evaluated its tax positions and has not identified any material uncertain tax positions that would not be sustained in federal or state income tax examination or that require disclosure. Accordingly, no provision for uncertainties in income taxes has been made in the accompanying consolidated financial statements. The Company recognizes interest and penalties on income taxes as a component of income tax expense.

4. Investments at Fair Value

The Company classified its investments in mutual funds as Level 1 in accordance with the criteria described in Note 3.

The following table presents the Level 1, Level 2 and Level 3 financial instruments measured, reported and carried at fair value, as of December 31, 2021, in accordance with the valuation hierarchy:

	Level 1	Level 2	Level 3	Total
Debt securities:				
Corporate bonds	$ -	$ 708,683	$ -	$ 708,683
Other fixed income	-	163,220	-	163,220
Treasury securities	-	1,269,088	-	1,269,088
Total	-	2,140,991	-	2,140,991
Equity:				
Common stocks	1,115,924	-	-	1,115,924
Preferred stocks	579,175	-	-	579,175
Exchange traded funds	743,491	-	-	743,491
Total	2,438,590	-	-	2,438,590
Private equity funds	-	-	850,000	850,000
Total	$ 2,438,590	$ 2,140,991	$ 850,000	$ 5,429,581

Investments in equity securities were measured using Level 1 fair values based upon observable quoted market prices from national security exchanges.

Investments in debt securities were measured using Level 2 fair values based upon inputs such as benchmark yields, reported trades, broker/dealer quotes, issuer spreads, benchmark securities, offers, bids and reference data.

FASB ASC 820 permits as a practical expedient, an entity holding investments that calculate net asset value (NAV) per share or its equivalent for which fair value is not readily determinable, to measure fair value of such investments on the basis of NAV. The Company has applied this practical expedient to measure the fair value of the alternative investment funds.

A reconciliation of the beginning and ending balances of investments in alternative investments funds held by the Company as of December 31, 2021 using significant unobservable inputs (Level 3) to measure fair value is as follows:

Beginning balance as of January 1, 2021	$ -
Net unrealized and realized gains included in the statements of comprehensive income	-
Purchases of alternative investment funds	850,000
Ending balance as of December 31, 2021	$ 850,000

In order to substantiate the Company's NAV, management obtained audited financial statements for each fund. Alternative investment funds are not traded on an exchange and do not provide the Company with the ability to redeem shares daily. Instead, NAV serves as the basis for investors periodic (i.e.: monthly or quarterly) subscription and redemption activity pursuant to the terms of each funds governing documents. The Company may withdraw investment interest with certain restrictions, dependent upon governing documents. The Company may withdraw funds monthly or quarterly, depending on the fund. There are no unfunded capital commitments as of December 31, 2021.

5. Property and Equipment, Net

Property and equipment consisted of the following at December 31:

	2021	2020	2019
Park assets	$ 3,048,621	$ 2,138,109	$ 2,130,455
Leasehold improvements	3,438,634	3,322,839	3,315,750
Computer and software	3,573,970	3,586,281	3,392,633
Furniture and fixtures	309,290	123,707	121,617
Vehicles	26,561	26,561	130,023
Construction in progress	-	-	300,950
Total	10,397,076	9,197,497	9,391,428
Less accumulated depreciation	(4,866,916)	(2,947,026)	(1,235,354)
Property and equipment, net	$ 5,530,160	$ 6,250,471	$ 8,156,074

Depreciation expense for the years ended December 31, 2021, 2020 and 2019 was $1,917,658, $1,768,564 and $1,371,511, respectively.

6. Notes Receivable

As of December 31, 2021, the principal balance outstanding on the notes receivable and the expected principal collections for the next five years, exclusive of any allowances, are as follows for the years ending December 31:

Years ending December 31:	
2022	$ 453,926
2023	81,916
2024	45,149
2025	46,371
2026	30,470
Total	657,832
Less allowance for doubtful accounts	(138,507)
Notes receivable, net	$ 519,325

7. Goodwill

The gross carrying values for goodwill are $17,675,508 for UATP Management, LLC, $6,638,391 for Snapology, $16,093,891 for The Little Gym and $35,366,896 for Premier Martial Arts. Amortization expense was $2,418,881, $1,767,551 and $1,767,551 for the years ended December 31, 2021, 2020 and 2019, respectively. Goodwill net of accumulated amortization was $68,349,667, $12,667,447 and $14,434,998 as of December 31, 2021 and 2020 and 2019, respectively.

The amortization of goodwill is as follows for the years ending December 31:

2022	$ 7,577,469
2023	7,577,469
2024	7,577,469
2025	7,577,469
2026	7,577,469
Thereafter	30,462,322
Goodwill, net	$ 68,349,667

8. Contract Liabilities

Contract liabilities consisted of the following at December 31:

	2021	2020	2019
Franchise fees, net	$ 38,344,548	$ 6,937,397	$ 6,732,637
Attractions revenues	9,419,563	3,629,839	16,342,722
Other revenues	-	175,949	-
	47,764,111	10,743,185	23,075,359
Less current portion	(11,151,694)	(4,287,112)	(16,617,882)
Contract liabilities, net of current portion	$ 36,612,417	$ 6,456,073	$ 6,457,477

9. Earn-Out Liability

The Company recorded an estimate for potential earn-out liabilities due as part of the consideration in the March 1, 2018 acquisition of UATP Management, LLC. Earn-out payments were contingent upon the Company meeting certain EBITDA target levels as defined in the securities purchase agreement. The Company agreed to a settlement amount for the earn-out with the sellers in the acquisition for a total earn-out liability of $5,000,000, $2,000,000 paid in November 2019 and the remaining amount due on March 31, 2020. The Company agreed with the sellers to defer the final earn-out liability payment due on March 31, 2020 into 2021 to manage cash outflows due to the COVID pandemic. Interest expensed on the earn-out liability at 8.00% per annum and totaled $86,275 and $180,000 for the years ended December 31, 2021 and 2020, respectively. The earn-out was $3,000,000 at December 31, 2020 and 2019. In May 2021, the Company paid all amounts due under the earn-out liability including accrued interest.

10. Notes Payable

Term Loans

On March 1, 2018 the Company entered into a $10,000,000 term loan with a bank related to the purchase of UATP Management, LLC (the Purchase Loan). The Purchase Loan bears interest at the rate of 2.64% per annum as of December 31, 2020 and requires quarterly payments of interest in arrears. Principal payments are due quarterly in the amount of $500,000 with a final payment of $2,000,000 due on the maturity date of March 1, 2023. The Purchase Loan is secured by the tangible and intangible assets of the Company and its subsidiaries. The Term Loan was paid in full in November 2021 in conjunction with the refinanced Term Loan. Principal outstanding under the Purchase Loan was $0, $6,000,000 and $7,500,000 at December 31, 2021, 2020 and 2019, respectively.

In November 2021 the Company entered into a $76,500,000 Term Loan facility (Term Loan) with a corporate lender in relation to the acquisitions. During the year ended December 31, 2021, the Company drew $61,500,000 on this facility. The Term Loan requires interest payments monthly in arrears. The interest rate on the Term Loan is variable based on a 5.5% margin rate plus a variable base. At December 31, 2021, the interest rate was 6.5% per annum. The Term Loan is secured by the tangible and intangible assets of the Company and its subsidiaries. The principal outstanding balance under the Term Loan was $61,500,000 at December 31, 2021 and had $15,000,000 of additional capacity under a delayed draw term loan facility with the same terms as the Term Loan. Beginning on June 30, 2023 the Term Loan requires quarterly principal payments in an amount equal to 0.25% of the original gross principal amount borrowed under the agreement. The Term Loan matures in November 2026 when all principal and accrued interest is due.

Paycheck Protection Program Loans

In May, 2020, the Company received loan proceeds in the amount of $1,374,715 under the Paycheck Protection Program (PPP) which was established as part of the Coronavirus Aid, Relief and Economic Security (CARES) Act (as amended by the Economic Aid Act (EAA) on December 27, 2020 and is administered through the Small Business Administration (SBA). In February, 2021, the Company also received a second draw PPP loan in the amount of $1,251,785. The PPP provides loans to qualifying businesses in amounts up to 2.5 times their average monthly payroll expenses and was designed to provide a direct financial incentive for qualifying businesses to keep their workforce employed during the Coronavirus crisis. PPP loans are uncollateralized and guaranteed by the SBA and are forgivable after a "covered period" (of eight to twenty-four weeks) as long as the borrower maintains its payroll levels and uses the loan proceeds for eligible expenses, including payroll, benefits, mortgage interest, rent and utilities. The forgiveness amount will be reduced if the borrower terminates employees or reduces salaries and wages more than 25% during the covered period. Any unforgiven portion is payable over 5 years at an interest rate of 1% with payments deferred until the SBA remits the borrower's loan forgiveness amount to the lender, or, if the borrower does not apply for forgiveness, ten months after the end of the covered period. PPP loan terms provide for customary events of default, including payment defaults, breaches of representations and warranties, and insolvency events and may be accelerated upon the occurrence of one or more of these events of default. Additionally, PPP loan terms do not include prepayment penalties.

The Company met the PPP's loan forgiveness requirements, and therefore, applied for forgiveness during 2021. Legal release was received during August of 2021 for the PPP loan of $1,374,715, therefore, the Company recorded forgiveness income of $1,374,715, within its consolidated statement of operations and comprehensive income for the year ended December 31, 2021.

The Company believes that it will meet the PPP's 2nd draw loan forgiveness requirements, and therefore, is in the process of applying for forgiveness as of the date these consolidated financial statements were available to be issued. When legal release is received, the Company will record the amount forgiven as forgiveness income within the other income section of its statement of operations. If any portion of the Company's PPP loan is not forgiven, the Company will be required to repay that portion, plus interest, over 5 years in monthly installments with the repayment term beginning at the time that the SBA remits the amount forgiven to the Company's lender.

In May, 2020, the Company qualified for and received a loan pursuant to the PPP, a program implemented by the SBA under the CARES Act, from a qualified lender for $507,965. The PPP loan has no collateral or guarantee requirements. The Company met the PPP's loan forgiveness requirements for $135,097 of the original loan amount and received a release from the SBA. In November, 2021, the Company repaid the remaining $372,868 principal amount plus interest and therefore does not have any outstanding principal balance as of December 31, 2021. The Company recorded forgiveness income of $135,097, within its consolidated statement of operations and comprehensive income for the year ended December 31, 2021 related to this loan.

In May, 2020, the Company qualified for and received a loan pursuant to the PPP, a program implemented by the SBA under the CARES Act, from a qualified lender for $140,798. The PPP loan has no collateral or guarantee requirements. In 2020, the Company repaid $87,500 of the principal loan amount. In February, 2021, the Company received a second draw PPP loan in the amount of $140,798. The Company met the PPP's loan forgiveness requirements for the remaining $53,298 first draw PPP loan and $140,798 second draw PPP loan, and therefore, applied for forgiveness on both loans during 2021. Legal release was received during July 2021 for the remaining first draw PPP loan amount of $53,298 and in September 2021 for the second draw PPP loan amount of $140,798. The Company recorded forgiveness income of $53,298 and $140,798, within its consolidated statement of operations for the year ended December 31, 2021, related to the first and second draw PPP loans.

In conjunction with the acquisition of the equity interests of The Little Gym franchise business, the Company recorded a liability for a PPP loan from a qualified lender in the amount of $717,800. The PPP loan has no collateral or guarantee requirements. The Company met the PPP's loan forgiveness requirements, and therefore, applied for forgiveness during 2021. Legal release was received during December of 2021 for the PPP loan of $717,800, therefore, the Company recorded forgiveness income of $717,800 within its consolidated statement of operations for the year ended December 31, 2021 related to this loan.

The SBA reserves the right to audit any PPP loan, regardless of size. These audits may occur after forgiveness has been granted. In accordance with the CARES Act, all borrowers are required to maintain their PPP loan documentation for six years after the PPP loan was forgiven or repaid in full and to provide that documentation to the SBA upon request.

Economic Injury Disaster Loans

In July 2020 and August 2020, the Company applied for and was approved for two separate loans pursuant to the Economic Injury Disaster Loan program (EIDL) under Section 1110 of the CARES Act, administered by the SBA. This program allows participation by eligible entities that have suffered economic injury as a result of COVID-19, to be used as working capital. The Company received the loan proceeds on July 31, 2020 and September 4, 2020. The principal amount of each of the loans was $150,000 and is collateralized by all tangible and intangible personal property of the Company and guaranteed by the owners. Both EIDL loans bear interest at 3.75% per annum and requires monthly payments of $731, including interest, beginning after a 30-month deferral period in January 2023 and February 2023. The EIDL loans will mature in June 2050 and July 2050. As of December 31, 2021, the outstanding balance on the EIDL loans were $150,000 each.

A summary of notes payable outstanding is as follows at December 31:

	2021	2020	2019
Term loans	$ 61,500,000	$ 6,000,000	$ 7,500,000
Paycheck protection program loans	1,251,785	1,935,980	-
Economic injury disaster loans	300,000	300,000	-
	63,051,785	8,235,980	7,500,000
Less unamortized debt costs	(1,392,971)	(30,333)	(44,333)
Less current maturities	(100,202)	(2,453,409)	(2,000,000)
Total notes payable, net	$ 61,558,612	$ 5,752,238	$ 5,455,667

As of December 31, 2021, future principal payments due on notes payables were as follows for the years ending December 31:

Years ending December 31:	
2022	$ 100,202
2023	820,978
2024	978,341
2025	981,991
2026	59,870,273
Thereafter	300,000
Note payable, net of current maturities	$ 63,051,785

11. Revolving Credit Facilities

On March 1, 2018, the Company entered into a $1,000,000 revolving credit advance agreement with a financial institution (the 2018 Revolving Credit Facility). Draws under this facility may be made through February 28, 2023 for any purpose. The 2018 Revolving Credit Facility bears interest at the rate of 2.58% per annum as of December 31, 2020 and 2019 and requires quarterly interest payments in arrears and all amounts outstanding on the 2018 Revolving Credit Facility mature on March 1, 2023. The 2018 Revolving Credit Facility is secured by the tangible and intangible assets of the Company and its subsidiaries. In March of 2019, the Company borrowed $1,000,000 on its 2018 Revolving Credit Facility. The Revolving Credit Facility was paid in full in November 2021 in conjunction with the Refinanced Term Loan. The balances outstanding under the 2018 Revolving Credit Facility as of December 31, 2020 and 2019 were $1,000,000 and $0, respectively. The facility was terminated in November of 2021.

On March 1, 2018, the Company entered into a $3,000,000 delayed draw advance agreement with a financial institution (the Delayed Draw Facility). Draws under this facility may be made through September 1, 2019 for qualifying park upgrades and development or purchases of attractions. Payments of principal and interest are payable quarterly and all amounts outstanding on the Delayed Draw Facility mature on March 1, 2023. Interest is paid in arrears at the rate set upon each draw under the Delayed Draw Facility. The Company may elect either the then-current prime rate plus 1.50% or LIBOR plus 2.50% as the interest rate for each draw. The Delayed Draw Facility is secured by the tangible and intangible assets of the Company and its subsidiaries. In March of 2019, the Company borrowed $1,000,000 on its existing Delayed Draw Facility. The Company repaid $1,000,000 on its Delayed Draw Facility in June 2019. There were no balances outstanding under the Delayed Draw Facility as of December 31, 2020 and 2019. The facility was terminated in November of 2021.

In November of 2021, the Company entered into a $5,000,000 revolving credit agreement with a corporate lender (Revolving Credit Facility). Draws under the Revolving Credit Facility bear interest and requires interest payments monthly in arrears. The interest rate on the Revolving Credit Facility is variable based on a 5.5% margin rate plus a variable base. At December 31, 2021, the interest rate was 6.5% per annum. The Revolving Credit Facility is secured by the tangible and intangible assets of the Company and its subsidiaries. There was no principle balance outstanding under the 2021 Revolving Credit Facility at December 31, 2021. The 2021 Revolving Credit Facility matures on November 2026 when all outstanding principal and accrued interest is due.

The Revolving Credit Facility and Delayed Draw Facility are subject to a quarterly fee on the unused portion of the maximum limit for each facility at a rate between 0.375% and 1.00% per annum. The Company is required to meet certain financial and nonfinancial covenants in accordance with the terms of the above facilities and the Term Note (Note 10). The Company was in compliance with these covenants as of December 31, 2021, 2020 and 2019.

12. Commitments and Contingencies

Operating Leases

The Company leases office space and facilities under noncancelable operating leases expiring between 2022 and 2033.

As of December 31, 2021, minimum future rental payments due under noncancelable operating leases with terms in excess of one year were as follows for the years ending December 31:

Years ending December 31:	
2022	$ 2,127,359
2023	2,016,381
2024	1,928,872
2025	1,929,662
2026	1,922,253
Thereafter	7,135,600
Total	$ 17,060,127

Rent expenses associated with noncancelable operating leases totaled approximately $1,554,484, $819,286 and $786,862 for the year ended December 31, 2021, 2020 and 2019, respectively.

Lease Guarantees

On occasion, the Company has acted as co-guarantor with certain of its franchisees in connection with leases necessary in establishing their businesses. As of December 31, 2021, the Company had limited guarantees for leases on three franchised locations totaling a maximum of $3,278,683 in potential lease payments.

Litigation

The Company may be a party to routine claims brought against it in the ordinary course of business. The Company estimates whether such liabilities are probable to occur and whether reasonable estimates can be made and accrues liabilities when both conditions are met. Although the ultimate outcome of these matters, if and when they arise, cannot be accurately predicted due to the inherent uncertainty of litigation, in the opinion of management, based upon current information, no currently pending or overtly threatened claim is expected to have a material adverse effect on the Company's business, financial condition or results of operations. However, it is possible that an unfavorable resolution of one or more such future proceedings could materially and adversely affect the Company's financial position, results of operations or cash flows.

13. Insurance Activities

General liability limits provided are $250,000 per occurrence with no aggregate limit. All policies issued during 2021 expire on May 27, 2022 to concur with primary policy terms. Premiums written for the years ended December 31, 2021 and 2020 were $4,701,183 and $2,704,790, respectively. Premiums earned for the years ended December 31, 2021 and 2020 were $4,074,169 and $1,451,339, respectively.

Incurred and Paid Claims Development by Accident Year - Incurred but not report (IBNR) reserve estimates are generally calculated by first projecting the ultimate cost of all claims that have occurred and then subtracting reported losses and loss expenses. Loss projections based upon industry data to develop loss development factors that multiplicatively accumulated to arrive at age-to-ultimate loss development factors.

Reported losses include cumulative paid losses and loss expenses plus case reserve estimates. The IBNR reserve includes a provision for the claims that have occurred but have not yet been reported, some of which are not yet known to the Company, as well as a provision for the future development on reported claims. The following paragraph details the IBNR liabilities and claims frequency, which is measured by claim event, for each accident year presented for the general liability coverage. Claim counts for the general liability coverage are presented based upon the number of claim occurrences reported.

For the claim year ended December 31, 2021, the Company incurred claims and claim adjustment expenses of $3,555,153 and had cumulative paid claims and allocated claim adjustment expenses of $469,307 resulting in liabilities for claims and claim adjustment expenses of $3,085,846.
For the claim year ended December 31, 2021, expected development on reported claims and IBNR totaled $2,349,881 with cumulative reported claims of nineteen.

For the claim year ended December 31, 2020, the Company incurred claims and claim adjustment expenses of $1,036,737 and had cumulative paid claims and allocated claim adjustment expenses of $21,341 resulting in liabilities for claims and claim adjustment expenses of $1,015,396.
For the claim year ended December 31, 2020, expected development on reported claims and IBNR totaled $762,229 with cumulative reported claims of four.

The unpaid insurance losses and loss adjustment expenses presented as liabilities on the consolidated balance sheets at December 31, 2021 and 2020 include the liabilities for claims and claim adjustment expenses of $3,085,846 and $1,015,396 and unallocated loss and loss adjustment expenses of $122,304 and $44,853, respectively.

14. Members' Equity

The Company is authorized to issue an unlimited number of $1,000 par value units in Class A units, Class B units and Class B-1 Units. The Company is authorized to issue 5% of outstanding Class A, Class B and Class B-1 units for Class C units and Class D units. As of December 31, 2021, issued and outstanding units included 26,728 Class A units, 25,381 Class B units and 1,738 Class B-1 Units. As of December 31, 2020 and 2019, issued and outstanding units included 26,728 Class A units, 24,672 Class B units and 0 Class B-1 Units.

Class A and Class B units accrue a preference on their contributed capital at a rate of 8.0% per annum, compounded annually from their respective issuance dates. Class A and Class B units are entitled to one vote per unit with Class B-1, Class C and Class D units having no voting rights.

Distributions and profits and losses are paid in the following priority: (1) to holders of Class A units until unpaid preferred returns are reduced to zero; (2) to holders of Class A units until unreturned capital is reduced to zero; (3) to holders of Class B units until unpaid preferred returns and unreturned capital are reduced to zero; (4) to holders of Class A units, Class B units, Class B-1 units, vested Class C units and vested Class D units proportionally based on total units issued, vested and outstanding, taking into account threshold values for Class C and Class D units ranging from $0 to $6,000 per Class A and B units outstanding.

15. Incentive Units

Class C and Class D units are intended to represent profit interests in the Company to incentivize individuals to achieve certain operating and financial objectives. The issuance of incentive units requires board of director approval and issued incentive units will be bound by the terms of the incentive unit agreement. Class C units vest over 4 to 5 years as determined by the Company and set forth in the individual grant agreements. Class D units vest only upon the sale of the Company as defined in the Company agreements.

The below table details grants, forfeitures and vesting of Class C and Class D incentive units for the years ended December 31, 2021:

	Class C Units		Class D Units	
	Issued Units	Vested Units	Issued Units	Vested Units
Balance, January 1, 2019	713.89	-	713.89	-
Units granted	1,641.95	377.02	1,784.72	-
Forfeitures	-	-	-	-
Balance, December 31, 2019	2,355.84	377.02	2,498.61	-
Units granted	71.39	401.56	71.39	-
Forfeitures	(111.55)	-	(142.78)	-
Balance, December 31, 2020	2,315.68	778.58	2,427.22	-
Units granted	362.17	403.80	380.17	-
Forfeitures	(98.16)	-	(142.78)	-
Balance, December 31, 2021	2,579.69	1,182.38	2,664.61	-

Management estimated the grant date fair values for the incentive units to be immaterial for financial reporting purposes. Management's estimate was based on a discounted free cash flow valuation model estimating potential timing and probabilities of distributable profits to the incentive unit holders.

Unvested Class C incentive units totaled 1,979, 1,537 and 1,397 as of December 31, 2021, 2020 and 2019, respectively. The weighted average remaining vesting years for Class C units were approximately 2.10, 2.10 and 3.53 as of December 31, 2021, 2020 and 2019, respectively.

16. Federal Income Taxes

Federal income taxes are related to the Adventis subsidiary which began operations in 2020; accordingly, the federal income tax expense and components of the provision are only included for the years ended December 31, 2021 and 2020. Income taxes were computed at the 21% statutory federal income tax rate for the years ended December 31, 2021 and 2020 a reconciliation to the provision for income taxes is as follows for the years ended December 31:

	2021	2020
Federal income tax - statutory rate	$ 197,078	$ 9,059
Other	1,221	-
Total	$ 198,299	$ 9,059

The components of the provision for income taxes for the years ended December 31 are as follows:

	2021	2020
Current	$ 273,800	$ 81,343
Deferred	(75,501)	(72,284)
Total	$ 198,299	$ 9,059

The tax effects of temporary differences that give rise to significant portions of the deferred taxes consisted of the following at December 31:

	2021	2020
Deferred tax assets and liabilities:		
Insurance loss reserve discounting	$ 66,488	$ 23,640
Unearned insurance premiums	79,816	52,839
Adventis start-up costs	8,947	11,482
Unrealized loss on investments	11,184	624
Deferred acquisition costs	(18,650)	(16,301)
Total deferred tax assets	$ 147,785	$ 72,284

The Company is required to periodically assess whether it is more likely than not that it will generate sufficient taxable income to realize its deferred tax assets. In making this determination, the Company considers all available positive and negative evidence and makes certain assumptions. The Company considers, among other things, its deferred tax liabilities, the overall business environment and its outlook for future years. At December 31, 2021, management determined a valuation allowance for its net deferred tax assets is not required as realization of the deferred tax assets is more-likely-than-not.

17. Related-Party Transactions

As of December 31, 2021, 2020 and 2019, the Company had one, two and five franchisees partially owned by members of the company that accounted for approximately $233,000, $187,000 and $694,000 of revenues for the years ending December 31, 2021, 2020 and 2019, and accounts receivable of approximately $37,000, $34,000 and $32,000 as of December 31, 2021, 2020 and 2019, respectively.

On March 1, 2018, the Company entered into a monitoring and oversight agreement (the Monitoring Agreement) with certain members of its ownership. Under the terms of the Monitoring Agreement, the Company is obligated to pay a $125,000 quarterly monitoring and oversight fee to these members. The Monitoring Agreement is set to terminate after ten years. Quarterly fees incurred under the Monitoring Agreement and included in selling, general and administrative expenses on the consolidated statements of operations for the year ending December 31, 2021, 2020 and 2019 were $500,000. Quarterly fees paid under the Monitoring Agreement for the year ending December 31, 2020 were $125,000 with accrued monitoring fees of $375,000 incurred as of December 31, 2020 and paid during the year ended December 31, 2021.

The Company has a management agreement with an entity for which an employee of the management company is also a board member of Adventis. The management company performed, under the direction of the Company, certain management and administrative services and accounting services. The annual management fee is $65,000. For the years ended December 31, 2021 and 2020, total management fees amounted to $65,000 and $43,161, respectively. The total management fees for the year ended December 31, 2020 included additional start-up costs associated with the formation of the captive, and a prorated annual total as commencement of operations. These costs are included in selling, general and administrative expenses on the consolidated statements of operations.

The Company paid $720,000 in fees to a company owned by a minority member of the Company in connection with the Company's acquisitions during the year ended December 31, 2021 which are included in selling, general and administrative expenses in the consolidated statement of operations and comprehensive income.

18. Employee Benefit Plan

The Company sponsors a defined 401(k) contribution plan (the Plan) covering substantially all employees. Plan participants may make certain voluntary contributions in which they are 100% vested. The Company has agreed to make certain matching contributions to the Plan not to exceed the amount deductible for federal income tax purposes. The Company made matching contributions of $196,359, $136,279 and $161,599 for the years ended December 31, 2021, 2020 and 2019, respectively.

19. Franchise Activities

During the years ending December 31, 2021, 2020 and 2019, the Company sold 84, 19 and 37 franchise licenses, respectively. As of December 31, 2021, 2020 and 2019, the Company had 569, 151 and 118 locations in operations, respectively.

20. Subsequent Events

The Company evaluated all material events or transactions that occurred after December 31, 2021, the consolidated balance sheets date, through December 2, 2022, the date these consolidated financial statements were available to be issued, and identified the following events or transactions for disclosure as subsequent events.

In April of 2022, the Company entered into an asset purchase agreement to acquire 100% of the franchise rights, brand, intellectual property and the rights to manage and license the "Class 101" franchise business. The aggregate purchase price for the purchase was $1,000,000.

In April of 2022, the Company entered into a contribution agreement to acquire the franchise rights, brand, intellectual property and the rights to manage and license the "XP League" franchise business. The Company paid $137,000 in cash at closing. The assets were contributed into a new entity owned 51% by the Company and 49% by the sellers of the former XP League entity.

In June of 2022, the Company purchased the assets of five locations of its Premier Martials Arts brand from an employee and their family members to operate as Company-owned studios. The aggregate purchase price for the acquisition was $3,000,000 net of deferred revenue.

In August of 2022, the Company settled a lawsuit with a former supplier for $5,000,000 regarding disputed rebates on historical sales.

Unaudited Balance Sheet of UA Holdings, LLC as of March 31, 2023 and Unaudited Profit and Loss Statement for the period from January 1, 2023 to March 31, 2023

THESE FINANCIAL STATEMENTS ARE PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED HIS/HER OPINION TO THE CONTENT OR FORM.

UA HOLDINGS, LLC AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET (Unaudited)
March 31, 2023

ASSETS

CURRENT ASSETS		
Cash and cash equivalents	$	14,388,965
Investments, at fair value		8,315,775
Accounts receivable, net		15,730,735
Inventory		824,299
Notes receivable, net, current, net of allowances		44,156
Deferred attraction costs		21,282,999
Deferred initial franchise fee costs, current		893,571
Deferred income taxes		223,849
Prepaids and other current assets		12,484,646
Total current assets		74,188,994
NOTES RECEIVABLE, net of current maturities		578,058
DEFERRED INITIAL FRANCHISE FEE COSTS, net of current maturities		19,116,219
OPERATING ROU ASSET		60,416,755
PROPERTY AND EQUIPMENT, net		8,098,812
GOODWILL, net		333,060,196
INTANGIBLE ASSETS		363,200,000
TOTAL ASSETS		$858,659,034

LIABILITIES AND MEMBERS' EQUITY

CURRENT LIABILITIES		
Accounts payable	$	4,779,275
Accrued liabilities		12,434,685
Lease liability, current portion		5,202,142
Marketing funds		5,894,069
Deferred attractions revenues		14,520,090
Deferred franchise fee revenues, current portion		2,539,789
Unpaid insurance losses and loss adjustment expenses		7,165,380
Unearned insurance premium		1,150,338
Insurance premium refunds and losses payable		(377,113)
Line of credit		2,000,000
Notes payable, current portion		2,750,000
Total current liabilities		58,058,655
LEASE LIABILITY, net of current portion		65,973,619
NOTES PAYABLE, net of current maturities		263,297,500
CONTRACT LIABILITIES, net of current portion		45,728,291
Total Liabilities		433,058,064
MEMBERS' EQUITY		
Common units		169,814,000
Preferred units		260,257,732
Accumulated (deficit) earnings		(4,554,465)
Accumulated other comprehensive income, net of tax		83,703
Total members' equity		425,600,970
TOTAL LIABILITIES AND MEMBERS' EQUITY	$	858,659,034

UA HOLDINGS, LLC AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF OPERATIONS (Unaudited)
For the Three Months Ended March 31, 2023

REVENUES		
Royalty revenues	$	15,631,411
Attraction revenues		4,487,232
Merchandise revenues		2,376,067
Company owned unit revenues		5,371,068
Franchise fee revenues		1,005,492
Marketing fund revenues		6,778,229
Net earned insurance premiums		1,763,313
Other revenues		3,501,286
Total revenues		40,914,097
OPERATING EXPENSES		
Attraction costs		3,902,939
Merchandise costs		14,911
Company owned unit costs		4,489,624
Marketing fund costs		6,778,229
Salaries and wages		6,310,100
Incurred insurance losses and loss adjustment expenses		1,079,587
Selling, general and administrative		5,079,591
Amortization of goodwill		8,169,472
Depreciation expense		448,757
Total operating expenses		36,273,210
NET INCOME (LOSS) FROM OPERATIONS		4,640,887
OTHER INCOME/(EXPENSES)		
Interest expense		(9,233,870)
Other income, net		122,435
Total other income (expenses)		(9,111,435)
INCOME (LOSS) BEFORE FEDERAL AND STATE TAX (EXPENSE) BENEFIT		(4,470,548)
Federal tax (expense) benefit		(125,446)
State tax (expense) benefit		(23,073)
Net income (loss)	$	(4,619,067)

Form E – Guarantee of Performance

GUARANTEE OF PERFORMANCE

For value received, UA Holdings, LLC, a Delaware limited liability company (the "Guarantor"), located at 2350 Airport Freeway, Suite 505, Bedford, TX 76022, absolutely and unconditionally guarantees to assume the duties and obligations of XP League Franchise, LLC **, located at 2350 Airport Freeway, Suite 505, Bedford, TX 76022 (the "Franchisor"), under its franchise registration in each state where the franchise is registered, and under its Franchise Agreement identified in its 2023 Franchise Disclosure Document, as it may be amended, and as that Franchise Agreement may be entered into with franchisees and amended, modified or extended from time to time. This guarantee continues until all such obligations of the Franchisor under its franchise registrations and the Franchise Agreement are satisfied or until the liability of Franchisor to its franchisees under the Franchise Agreement has been completely discharged, whichever first occurs. The Guarantor is not discharged from liability if a claim by a franchisee against the Franchisor remains outstanding. Notice of acceptance is waived. The Guarantor does not waive receipt of notice of default on the part of the Franchisor. This guarantee is binding on the Guarantor and its successors and assigns.**

The Guarantor signs this guarantee at Bedford, Texas **on the** 15 **day of** November 2023 .

Guarantor:

UA Holdings, LLC

By: Stephen Polozola

Name: Stephen Polozola

Title: Secretary

EXHIBIT G

TO THE XP LEAGUE

FRANCHISE DISCLOSURE DOCUMENT

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TABLE OF CONTENTS TO CONFIDENTIAL OPERATIONS MANUALS

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EXHIBIT H

TO THE XP LEAGUE

FRANCHISE DISCLOSURE DOCUMENT

SAMPLE FORM OF GENERAL RELEASE

GENERAL RELEASE

This General Release (the "General Release") is made and entered into on _____,____ by and between XP League Franchise, LLC ("Franchisor"), ____ ("Franchisee"), _____ and _____ (together with the Franchisee, the "Franchisee Parties"). For good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Franchisee Parties agree as follows.

1. In exchange for all good and valuable consideration, the receipt and sufficiency of which is acknowledged, to the maximum extent permitted by applicable law, the Franchisee Parties on behalf of themselves and each of their past and present parents, subsidiaries, affiliates, predecessors, successors, assigns, officers, directors, shareholders, partners, owners, members, managers, agents, attorneys, employees, and representatives (together with the Franchisee Parties, the "Releasing Parties") do remise, release, waive, and forever discharge XP League Franchise, LLC, XP League, LLC, Unleashed Brands, LLC, Unleashed Services, LLC and each of their respective past and present parents, subsidiaries, affiliates, predecessors, successors, assigns, officers, directors, shareholders, partners, owners, members, managers, agents, attorneys, employees, and representatives (collectively, the "Franchisor Parties") from any and all claims, demands, obligations, liabilities, actions, proceedings, agreements, debts, demands, damages, accounts, charges, invoices, discounts, incentives, allowances, controversies, expenses, attorneys' fees, suits, arbitrations, and causes of action whatsoever, in law or equity, whether known or unknown, past, present, or future, which the Releasing Parties have, have had, claim to have, or may have against the Franchisor Parties including, but not limited to, any and all claims and damages in any way arising out of or related to (1) that franchise agreement between XP League Franchise, LLC and Franchisee dated _____ regarding the operation of an XP League franchise located at _____, as amended; (2) any other franchise agreement or any other contract between any Releasing Party and any Franchisor Party; (3) the offer and sale of any XP League franchise opportunity, (4) the disclosure requirements under the FTC Franchise Rule (16 CFR et seq); (5) any other state franchise law, (6) any alleged misrepresentations made by the Franchisor Parties in the sale of a franchise to the Releasing Parties or otherwise; (7) any and all claims arising under local, state, and federal laws, rules, and ordinances, whether statutory or under common law; (8) the XP League franchise located at _____; and (9) any relationship between the Releasing Parties and the Franchisor Parties.

2. The Releasing Parties acknowledge this General Release extends to all claims the Releasing Parties do not know or suspect to exist in their favor at the time of executing this General Release, which if were known to exist may have materially affected the decision to enter into this General Release. The Releasing Parties understand the facts in respect of which this General Release is given may hereafter turn out to be other than or different from the facts known or believed to be true and agree this General Release shall be in all respects effective and not subject to termination or rescission by any such difference in facts. By executing this General Release, the Releasing Parties expressly assume the risk of the facts turning out to be different and agree this General Release shall be in all respects effective and not subject to termination or rescission by any such difference in facts. The Releasing Parties acknowledge and agree that they have had the opportunity to seek the advice of and are represented by independent legal counsel and have read and understood all the terms and provisions of this General Release. The Releasing Parties, jointly and individually, covenant and agree that none of them will commence, maintain, participate in, or prosecute any claim, demand, suit, action, or cause of action against the Franchisor Parties concerning the claims released in this General Release.

3. This General Release represents the entire agreement of the parties regarding the subject matter hereof and may only be modified in writing. The Releasing Parties acknowledge and agree that they have had the opportunity to seek the advice of and are represented by independent legal counsel and have read and understood all the terms and provisions of this General Release.

[If Releasor is domiciled or has his or her principal place of business in the State of California]

WAIVER OF SECTION 1542 OF THE CALIFORNIA CIVIL CODE.

_____ ("Releasor") for myself and on behalf of all persons acting by or through me, acknowledge that I am familiar with Section 1542 of the California Civil Code, which reads as follows:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASING PARTY.

Releasor hereby waives and relinquishes every right or benefit which I have under Section 1542 of the Civil Code of the State of California, and any similar statute under any other state or federal law, to the fullest extent that they may lawfully waive such right or benefit. In connection with this waiver and relinquishment, Releasor acknowledges he or she may hereafter discover facts in addition to or different from those which he or she now knows or believes to be true with respect to the claims herein released, but that it is the parties' intention, subject to the terms and conditions of this General Release, to fully, finally and forever settle and release all such claims, known or unknown, suspected or unsuspected, which now exist, may exist or did exist. In furtherance of such intention, the releases given in this General Release shall be and remain in effect as full and complete releases, notwithstanding the discovery or existence of any such additional or different facts.

Releasor warrants and represents the release set forth above is a complete defense to any claim encompassed by its terms, and covenants not to initiate, prosecute, or otherwise participate in any action or proceeding in any court, agency, or other forum, either affirmatively or by way of cross-claim, defense, or counterclaim, against any person or entity released under this General Release with respect to any claim or cause of action released under this General Release..

[If Releasor is domiciled or has his or her principal place of business in the State of Washington or if the franchised business is located in the State of Washington]

Notwithstanding anything to the contrary, this General Release does not apply to any claims arising under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

IN WITNESS WHEREOF, the parties hereto have executed this General Release as of the dates set forth below.

FRANCHISEE PARTIES:

_____,
a _____

By:_____
_____, its _____

_____
_____, individually

[This General Release will be modified as necessary for consistency with any state law regulating franchising.]

EXHIBIT I

TO THE XP LEAGUE

FRANCHISE DISCLOSURE DOCUMENT

FRANCHISE DISCLOSURE QUESTIONNAIRE

(THIS FRANCHISEE DISCLOSURE QUESTIONNAIRE WILL NOT BE USED IF THE FRANCHISE IS TO BE OPERATED IN, OR YOU ARE A RESIDENT OF, CALIFORNIA, HAWAII, ILLINOIS, INDIANA, MARYLAND, MICHIGAN, MINNESOTA, NEW YORK, NORTH DAKOTA, RHODE ISLAND, SOUTH DAKOTA, VIRGINIA, WASHINGTON, OR WISCONSIN)

DO NOT SIGN THIS FRANCHISEE DISCLOSURE QUESTIONNAIRE IF THE FRANCHISE IS TO BE OPERATED IN, OR YOU ARE A RESIDENT OF, CALIFORNIA, HAWAII, ILLINOIS, INDIANA, MARYLAND, MICHIGAN, MINNESOTA, NEW YORK, NORTH DAKOTA, RHODE ISLAND, SOUTH DAKOTA, VIRGINIA, WASHINGTON, OR WISCONSIN.

FRANCHISE DISCLOSURE QUESTIONNAIRE

This Franchise Disclosure Questionnaire is not applicable to and shall not be used in any franchise offer and/or sale involving any California resident and/or franchisee as the Franchisee Acknowledgements violate California Corporations Code Sections 31512 and 31512.1.

As you know, XP League Franchise, LLC ("we" or "us") and you are preparing to enter into a Franchise Agreement for the operation of a XP League franchise. The purpose of this Questionnaire is to determine whether any statements or promises were made to you that we have not authorized or that may be untrue, inaccurate or misleading, to be certain that you have been properly represented in this transaction, and to be certain that you understand the limitations on claims you may make by reason of the purchase and operation of your franchise. **You cannot sign or date this Questionnaire the same day as the Receipt for the disclosure document, but you must sign and date it the same day you sign the Franchise Agreement and pay your franchise fee.** Please review each of the following questions carefully and provide honest responses to each question. If you answer "No" to any of the questions below, please explain your answer on the back of this sheet.

Yes ____ No ____ 1. Have you received and personally reviewed the XP League Franchise Agreement and each exhibit or schedule attached to it?

Yes ____ No ____ 2. Have you received and personally reviewed the XP League disclosure document we provided?

Yes ____ No ____ 3. Did you sign a receipt for the XP League disclosure document indicating the date you received it?

Yes ____ No ____ 4. Do you understand all the information contained in the XP League disclosure document and Franchise Agreement?

Yes ____ No ____ 5. A) Have you had ample time and the opportunity to review the XP League disclosure document and XP League Franchise Agreement with a lawyer, accountant or other professional advisor?

Yes ____ No ____ B) Have you had the opportunity to discuss the benefits and risks of operating a XP League franchise with your professional advisor?

Yes ____ No ____ C) Did you discuss the benefits and risks of operating a XP League franchise with an existing XP League franchisee?

Yes ____ No ____ 6. Do you understand the risks of operating a XP League franchise?

Yes ____ No ____ 7. Do you understand the success or failure of your XP League franchise will depend in large part upon your skills, abilities and efforts and those of the person you employ, as well as many factors beyond your control such as weather, competition, interest rates, the economy, inflation, labor and supply costs, lease terms and the marketplace?

Yes ____ No ____ 8. Do you understand we are not obligated to provide assistance to you in finding and securing a location for your XP League Franchised Business?

Yes ____ No ____ 9. Do you understand that the Franchise Agreement and the attachments contain

the entire agreement between us and that you are not relying on any oral promises or representations that are not explicitly stated in the Franchise Agreement?

Yes ____ No ____ 10. Do you understand that your designated Manager and at least one Owner must successfully complete our initial training program?

Yes ____ No ____ 11. Do you understand we do not have to sell you a franchise or additional franchises or consent to your purchase of existing franchises?

Yes ____ No ____ 12. Is it true that, except as provided in Item 19 of our FDD, we and our affiliates have made no representation, warranty, promise, guaranty, prediction, projection, or other statement, and given no information, as to the future, past, likely, or possible income, sales volume, or profitability, expected or otherwise, of XP LEAGUE franchise or any other business?

Yes ____ No ____ 13. Do you understand that actual results vary from unit to unit and from time period to time period, and we cannot estimate, project, or predict the results of any particular XP LEAGUE business?

Yes ____ No ____ 14. Do you acknowledge that you are an independent contractor and responsible for running your own XP LEAGUE business and that we do not have any authority to control, hire, or fire your employees?

Yes ____ No ____ 15. Is it true that neither we or our affiliates, or any of our or our affiliates' employees, have provided you with services or advice that is legal, accounting, or other professional services or advice?

Yes ____ No ____ 16. A) Do you understand that the U.S. Government has enacted anti-terrorist legislation that prevents us from carrying on business with any suspected terrorist or anyone associated directly or indirectly with terrorist activities?

Yes ____ No ____ B) Is it true that you have never been a suspected terrorist or associated directly or indirectly with terrorist activities?

Yes ____ No ____ C) Do you understand that we will not approve your purchase of a XP LEAGUE franchise if you are a suspected terrorist or associated directly or indirectly with terrorist activity?

Yes ____ No ____ D) Is it true that you are not purchasing a XP LEAGUE franchise with the intent or purpose of violating any anti-terrorism law, or for obtaining money to be contributed to a terrorist organization?

For Maryland Residents Only and those franchises to be operated in Maryland: All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

DO NOT SIGN THIS FRANCHISEE DISCLOSURE QUESTIONNAIRE IF THE FRANCHISE IS TO BE OPERATED IN, OR YOU ARE A RESIDENT OF, CALIFORNIA, HAWAII, ILLINOIS, INDIANA, MARYLAND, MICHIGAN, MINNESOTA, NEW YORK, NORTH DAKOTA, RHODE ISLAND, SOUTH DAKOTA, VIRGINIA, WASHINGTON, OR WISCONSIN.

For Washington Residents Only: Such representations are not intended to nor will they act as a waiver of any liability incurred under the Washington Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

_____
Print Name

_____ _____
Signature Date

If signing on behalf of a corporation or other entity, please complete the following:

_____ _____
Name of Entity Title

EXHIBIT J

TO THE XP LEAGUE

FRANCHISE DISCLOSURE DOCUMENT

SAMPLE FORM ASSIGNMENT AND ASSUMPTION AGREEMENT

ASSIGNMENT AND ASSUMPTION OF FRANCHISE AGREEMENT AND ____ AMENDMENT TO FRANCHISE AGREEMENT

[__]

This Assignment and Assumption of Franchise Agreement and ____ Amendment to Franchise Agreement ("Agreement") is entered into on _____ (the "Effective Date") between XP League Franchise, LLC, a Delaware limited liability company ("Franchisor"), _____, a _____ each an adult individual ("Assignor"), and _____, a _____ _____ ("Assignee"). Franchisor, Assignor, and Assignee may be referred to herein as a Party or collectively as the "Parties."

WHEREAS, Franchisor and Assignor entered into that certain franchise agreement dated _____ where Assignor obtained the right and undertook the obligation to develop an XP LEAGUE franchise in _____ ("Franchise Agreement");

WHEREAS, Assignor desires to assign to Assignee all of its interest, rights, duties, and obligations in the Franchise Agreement (the "Assignment"); and

WHEREAS, pursuant to the Franchise Agreement, the parties acknowledge that the Assignment requires Franchisor's consent, and Franchisor desires to provide its consent pursuant to the terms and conditions of this Agreement.

NOW, THEREFORE, in consideration of the mutual promises contained in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are acknowledged, the parties agree as follows:

1. ASSIGNMENT AND ASSUMPTION. Assignor assigns and transfers to Assignee all of its interest, rights, and duties under the Franchise Agreement. Assignee hereby accepts such rights, assumes all of Assignor's obligations, and agrees to be bound by and observe and faithfully perform all duties as if the Franchise Agreement were originally written with Assignee as the "Franchisee."

2. ____ AMENDMENT TO FRANCHISE AGREEMENT. Attachments _____ of the Franchise Agreement are superseded and replaced with attachments included herewith in Exhibit A.

3. WAIVER OF RIGHT OF FIRST REFUSAL AND FORMAL NOTICE REQUIREMENTS. Pursuant to the Franchise Agreement, Franchisor consents to the Assignment conditioned on the Parties' satisfaction of all conditions set forth herein and the full and complete execution of this Agreement. The Parties acknowledge and agree that Franchisor's consent applies only to the Assignment contemplated by this Agreement. Any and all future assignments or transfers are subject to the terms of the Franchise Agreement and remain subject to Franchisor's further consent. Franchisor waives any obligations of the Assignor to comply with any formal notice requirements under the Franchise Agreement with respect to the Assignment contemplated by this Agreement.

4. INDEMNITY. Except for granting its consent to the assignment, the Assignor and each of their past and present parents, subsidiaries, affiliates, predecessors, successors, assigns, officers, directors, shareholders, partners, owners, members, managers, agents, attorneys, employees, representatives, heirs, administrators, executors, and ancestors ("Assignor Parties") and Assignee and each of their past and present parents, subsidiaries, affiliates, predecessors, successors, assigns, officers, directors, shareholders, partners, owners, members, managers, agents, attorneys, employees, representatives, heirs, administrators, executors, and ancestors ("Assignee Parties") acknowledge and agree the XP League Franchise, LLC, XP League, LLC, Unleashed Brands, LLC, Unleashed Services, LLC and each of their respective past and present parents, subsidiaries, affiliates, predecessors, successors, assigns, officers, directors, shareholders, partners, owners, members, managers, agents, attorneys, employees, and representatives ("Franchisor Parties") have exercised no influence over and have taken no part in the Assignment. Accordingly and to the fullest extent permitted by applicable law, the Assignor Parties and the Assignee Parties shall unconditionally indemnify, defend, and hold harmless the Franchisor Parties from all claims and losses and

expenses incurred in connection with any third-party action, suit, proceeding, claim, demand, investigation, or inquiry (formal or informal), or any settlement thereof entered into with the written approval of Assignor, which approval will not be unreasonably withheld, conditioned or delayed (whether or not a formal proceeding or action has been instituted), arising out of or related to the Assignment other than any claims or losses and expenses arising from any action, suit, proceeding, claim, demand, investigation, or inquiry (formal or informal), or any settlement thereof (whether or not a formal proceeding or action has been instituted), by a governmental authority arising from Franchisor's actual or alleged non-compliance with applicable franchise laws.

5. GENERAL RELEASE. Assignor Parties shall execute the general release in the form attached hereto as Exhibit B.

6. MISCELLANEOUS PROVISIONS.

A. ENTIRE AGREEMENT. This Agreement constitutes the entire agreement of the Parties concerning the subject matter hereof, supersede any prior agreement or representations made between the parties, either written or oral, and may only be modified in writing. The parties shall execute such further documents and do any and all further things necessary to implement and carry out the intent of this Agreement.

B. COUNTERPARTS. To facilitate execution, this Agreement may be executed in as many counterparts as may be convenient or required. It shall not be necessary that the signature or acknowledgment of, or on behalf of, each party, or that the signature of all persons required to bind any party, or the acknowledgment of such party, appear on each counterpart. All counterparts shall collectively constitute a single instrument. It shall not be necessary in making proof of this Agreement to produce or account for more than a single counterpart containing the respective signatures of, or on behalf of, and the respective acknowledgments of, each of the parties hereto. Any signature or acknowledgment page to any counterpart may be detached from such counterpart without impairing the legal effect of the signatures or acknowledgments thereon and thereafter attached to another counterpart identical thereto except having attached to it additional signature or acknowledgment pages.

C. SUCCESSORS AND ASSIGNS. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective heirs, representatives, administrators, successors, and assigns.

D. GOVERNING LAW, VENUE, & ATTORNEYS' FEES. This Agreement and the performance of all the obligations set forth in this Agreement shall be governed, construed, and enforced by the laws of the State of Texas and this Agreement shall be performable and venue shall lie exclusively in the county in which the Franchisor is headquartered. If either party employs an attorney to enforce the terms of or defend a claim brought under this Agreement, the prevailing party shall be entitled to reasonable attorneys' fees, court costs and expenses incurred. Prevailing party shall mean the party who substantially prevails on the claims or defenses asserted without regard to whether such party recovered any relief, direct benefit, or monetary damages.

E. ENFORCEABILITY. If any one or more of the provisions contained in this Agreement are, for any reason, held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability will not affect any other provision thereof, and this Agreement will be construed as if such invalid, illegal, or unenforceable provision had never been contained herein.

F. WAIVER OF JURY TRIAL. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

INTENDING TO BE LEGALLY BOUND, the parties have executed this Agreement to be effective on the Effective Date.

ASSIGNOR:

_____,
a _____ each an adult individual

ASSIGNEE:

_____,
a _____ _____

By: _____
, its

FRANCHISOR:

XP LEAGUE FRANCHISE, LLC,
a Delaware limited liability company

By: _____
Carisa Findley, its President

EXHIBIT A
TO ASSIGNMENT AND ASSUMPTION OF FRANCHISE AGREEMENT AND _____ AMENDMENT TO FRANCHISE AGREEMENT

REPLACEMENT ATTACHMENTS

(Please see Attachments C to I attached to XP League franchise agreement in Exhibit D to this disclosure document)

EXHIBIT B
TO ASSIGNMENT AND ASSUMPTION OF FRANCHISE AGREEMENT AND _____ AMENDMENT TO FRANCHISE AGREEMENT

GENERAL RELEASE

(Please see the sample general release attached as Exhibit H to this disclosure document)

EXHIBIT K

TO THE XP LEAGUE

FRANCHISE DISCLOSURE DOCUMENT

STATE EFFECTIVE DATES

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 document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

State	Effective Date
California	July 11, 2023, as amended [date]
Illinois	May 26, 2023, as amended [date]
Indiana	May 1, 2023, as amended [date]
Michigan	April 28, 2023, as amended December 5, 2023
Minnesota	July 3, 2023, as amended [date]
New York	Pending
North Dakota	June 29, 2023, as amended [date]
Rhode Island	May 31, 2023, as amended [date]
South Dakota	May 12, 2023, as amended December 5, 2023
Virginia	Pending
Washington	December 13, 2023
Wisconsin	May 1, 2023, as amended [date]

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

EXHIBIT L

TO THE XP LEAGUE

FRANCHISE DISCLOSURE DOCUMENT

RECEIPTS

RECEIPT

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

If XP League Franchise, LLC offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement or make a payment with franchisor or an affiliate in connection with the proposed franchise sale, or sooner if required by applicable law.

New York and Rhode Island require that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration.

If XP League Franchise, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state regulatory agency listed in Exhibit A. Franchisor authorizes the respective state agencies identified on Exhibit A to receive service of process for it in a particular state.

The name, principal business address, and telephone number of the franchise seller offering the franchise is:

Name	Principal Business Address	Telephone Number
Josh Wall	2350 Airport Freeway, Suite 505, Bedford, TX 76022	888.256.4868

Issuance Date: April 28, 2023, as amended December 5, 2023

I received a disclosure document dated April 28, 2023, as amended December 5, 2023 (or the date reflected on the State Effective Dates Page), that included the following Exhibits:

Exhibit A	State Administrators/Agents for Service of Process
Exhibit B	State Specific Addendum
Exhibit C	Franchise Agreement
Exhibit D	Development Agreement
Exhibit E	List Of Current Franchisees, Former Franchisees, and Affiliate-Owned Locations
Exhibit F	Financial Statements
Exhibit G	Table of Contents to Confidential Operations Manuals
Exhibit H	General Release
Exhibit I	Franchise Disclosure Questionnaire
Exhibit J	Sample Form Of Assignment And Assumption Agreement
Exhibit K	State Effective Dates
Exhibit L	Receipts

Print Name _____ Signature _____ Date _____

If signing on behalf of a company in addition to individually, please complete the following:

Print Name _____ Signature _____ Date _____

Keep this copy for your records.

RECEIPT

This disclosure document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If XP League Franchise, LLC offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement or make a payment with franchisor or an affiliate in connection with the proposed franchise sale, or sooner if required by applicable law.

New York and Rhode Island require that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration.

If XP League Franchise, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state regulatory agency listed in Exhibit A. Franchisor authorizes the respective state agencies identified on Exhibit A to receive service of process for it in a particular state.

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Exhibit L	Receipts

Print Name _____ Signature _____ Date _____

If signing on behalf of a company in addition to individually, please complete the following:

Print Name _____ Signature _____ Date _____

Please sign this copy of the receipt, date your signature, and return it by mail or email to Josh Wall, 2350 Airport Freeway, Suite 505, Bedford, Texas, 76022.