



FRANCHISE DISCLOSURE DOCUMENT

Fantasy Claw Arcade Franchise LLC

A Nevada limited liability company

3110 Polaris Ave Suite #8

Las Vegas, Nevada 89102

Phone No: 702-783-2529

Email Address: franchising@fantasyclawarcade.com

Website: <http://www.fantasyclawarcade.com>

You will operate a retail entertainment venue featuring claw machines, arcade games, and related items under the name "FANTASY CLAW ARCADE" and other service marks.

~~The total initial investment necessary to begin operation of a FANTASY CLAW ARCADE franchised business ranges from \$245,275,300 to \$442,000 for a traditional location. If you want development rights, you must pay us a development fee equal to \$30,000 (the initial franchise fee for the first Arcade), plus the \$10,000 Development Services Fee for the first Arcade, plus a deposit of \$10,000 of the 492,000. This includes \$80,000 that must be paid to the franchisor or its affiliates.~~

~~The initial franchise fee (which is \$30,000) for each additional Arcade you commit to develop. The total investment necessary to begin operation if you acquire development rights (with a of a FANTASY CLAW ARCADE Development Rights Agreement ranges from \$285,300 to \$502,000 for a minimum required commitment of three (3) Fantasy Claw Arcades) is \$255,300 to \$452,000 for traditional locations. FANTASY CLAW ARCADE franchised businesses. This includes \$590,000 that must be paid to the franchisor or affiliate its affiliates.~~

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, us or an affiliate in connection with the proposed franchise sale. **Note, however, that no governmental agency has verified the information contained in this document.**

The terms of your contract will govern your franchise relationship. Don't rely on the disclosure document alone to understand your contract. Read all of your contract carefully. Show your contract and this disclosure document to an advisor, like a lawyer or 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: June 5, 2025

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 Rights Agreement require you to resolve disputes with the franchisor by arbitration and/or litigation only in its then-current home state (currently Nevada). Out-of-state arbitration or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to arbitrate or litigate with the franchisor in its then-current home state (currently Nevada) than in your own state.
2. **Spousal Liability.** Your spouse must sign a document that makes your spouse liable for all financial obligations under the Franchise Agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both you and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.
3. **Financial Condition.** The Franchisor's financial condition as reflected in its financial statements (see Item 21) calls into question the Franchisor's financial ability to provide services and support to you.
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.
5. **Supplier control.** You must purchase all or nearly all of the inventory or supplies that are necessary to operate your business from the franchisor, its affiliates, or suppliers that the franchisor designates, at prices the franchisor or they set. These prices may be higher than prices you could obtain elsewhere for the same or similar goods. This may reduce the anticipated profit of your franchise business.

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.

You will compete with other local, regional, and national companies offering competitive products and services. Our competitors include other claw machine arcades and other traditional arcades. The market for arcades is large and developed. You may face competition from larger, more established, and better-funded companies in some areas.

You must comply with all local, state, and federal laws and regulations applicable to the operation of your business, including those specific to arcades, gaming machines, and general business operations. If offering food or beverages at your Arcade, you may need to obtain the appropriate food handler or similar permits and business licenses in your state. Additionally, you must comply with any Occupational Safety & Health Administration (OSHA) guidelines, Americans With Disabilities Act (ADA) requirements, and other applicable laws and regulations pertaining to arcade operations. This includes compliance with rules governing the placement, maintenance, and accessibility of arcade machines and ensuring customer safety. Depending on your location, you may need to comply with local gaming laws or obtain special permits for amusement devices.

The location, construction, and operation of an Arcade may also be affected by a variety of state and local zoning, land use, planning, handicap access, minimum wage, and labor laws and regulations. For Non-Traditional Venues, additional permits or agreements with host venues may be required. If offering redemption prizes or other incentives, you must comply with all applicable laws regulating prize redemption, sweepstakes, and games of skill.

We urge you to make inquiries, including seeking advice from an attorney or other professionals, about these laws and regulations and their applicability to your Arcade. Compliance is critical to the successful operation of your business.

We also may grant multi-unit development rights to qualified franchisees, which then may develop a specific number of Fantasy Claw Arcades (a minimum of three (3)) within a designated territory according to a predetermined, mandatory development schedule. Those franchisees may open and operate their Fantasy Claw Arcades directly or through "Approved Affiliates," which are entities whose majority ownership is owned and controlled by you or your owners. Our Development Rights Agreement (Exhibit C), which we sometimes reference as "DRA," governs a franchisee's multi-unit development rights and obligations. If you sign a Development Rights Agreement, you (or your Approved Affiliate) also will sign a Franchise Agreement for your first Fantasy Claw Arcade at the same time.

The form of Franchise Agreement that you and your Approved Affiliates sign for future Fantasy Claw Arcade franchises to be developed under the DRA may differ substantially and materially year to year from the first Franchise Agreement you sign for your first Fantasy Claw Arcade to be developed (as noted above, our current version of Franchise Agreement is disclosed in this Disclosure Document as Exhibit B).

Item 2 Business Experience

Bradley Howard

~~Bradley Howard is a serial entrepreneur and online retail veteran with over 15 years of experience in building and scaling successful businesses. As the Chairman of the Board for Channel Key LLC, an Amazon activation and acceleration agency, Brad leads a team of over 70 professionals who specialize in driving growth for brands on Amazon and other eCommerce platforms. In parallel, he serves as the Managing Partner at Howard Family Ventures, where he actively invests in and supports a diverse portfolio of ventures, including technology, eCommerce, and digital marketing.~~

Brad's entrepreneurial journey is defined by his creation and successful exit from Trend Nation, one of the largest Amazon private label platforms in the U.S. Under his leadership, Trend Nation was consistently recognized as one of the fastest-growing companies in America, earning multiple Inc. 5000 designations, a Fortune Magazine Best Workplaces recognition, and widespread media acclaim from outlets such as The Wall Street Journal and CNBC. His achievements in scaling businesses and navigating the complexities of the Amazon ecosystem make him a sought-after expert in eCommerce, global sourcing, marketing strategy, and logistics.

Over his career, Brad has been honored with numerous accolades, including Cleveland's Top 10 Entrepreneurs under 30, Las Vegas 40 Under 40, and a finalist for the prestigious Ernst & Young Entrepreneur of the Year Award. In addition to his entrepreneurial ventures, Brad's earlier career included leadership roles at respected organizations such as Priceline.com, Bank of America, and Abbott Laboratories.

Brad holds a BSBA from The Ohio State University and an Executive MBA from MIT University, bringing a blend of academic expertise and hands-on business experience to every venture he undertakes. He is also an active member of the Young Presidents' Organization (YPO) and contributes to several nonprofit boards, including the Jewish Federation of Nevada and the Boy Scouts of America.

When not driving business innovation, Brad enjoys spending time with his wife and kids, traveling, and indulging in his passion for collecting and restoring coin-operated gadgets.

Tamir Eliyahu

Tamir Eliyahu is a highly successful entrepreneur and retail expert with over 20 years of experience in building and scaling businesses across the U.S. and internationally. As the owner of 30 locations spanning Las Vegas and Maui, Hawaii, Tamir has a proven track record of establishing and growing retail operations that generate millions in annual revenue. His diverse business portfolio includes luxury retail, retail real estate, and wholesale operations, all of which are fully operational and self-sustaining.

Tamir is the founder and owner of #Hashtag.Vegas, a rapidly growing souvenir store brand in Las Vegas. Under his leadership, #Hashtag.Vegas has expanded to numerous locations up and down the Las Vegas Strip, including his newest store in The Venetian Resort. He has worked closely with renowned landlords such as MGM, Palazzo, Caesars Entertainment, and Fremont Street Experience, among others, to secure prime retail spaces. As a strategic business leader, Tamir oversees every aspect of the operation, from customer targeting and product development to marketing and distribution.

Throughout his career, Tamir has demonstrated exceptional leadership in navigating the challenges of a dynamic retail environment. He successfully led his company through a major organizational restructuring in 2014, transitioning from a centralized management structure to a network of micro-businesses, resulting in improved efficiency and decreased owner involvement. His ability to adapt to market shifts was particularly evident during the 2008 recession when he pivoted the business towards a new target demographic, ultimately positioning the company to not only survive but emerge stronger than before.

In addition to his work in retail, Tamir has led numerous expansion initiatives, including taking his luxury business operations to the Virgin Islands and Hawaii. His expertise in negotiation, market analysis, and business development has been key to the successful opening of over 20 retail locations, as well as expanding the company into new regions.

Before embarking on his entrepreneurial journey, Tamir served in the Israel Defense Forces as part of the 460th "Bnei Or" Armor Brigade, where he developed strong leadership and problem-solving skills that continue to serve him in his business ventures today. His achievements in retail have been driven by

his hands-on approach to business, and he remains dedicated to continuously innovating and expanding his ventures.

When he's not focused on business growth, Tamir enjoys exploring new opportunities and investing in long-term projects that align with his passion for entrepreneurship.

Jason Smylie

Jason Smylie brings extensive executive leadership, strategic insight, and franchise expertise to Fantasy Claw Arcade as a member of its Board of Directors. As President of Capriotti's Sandwich Shop and Wing Zone, he oversees more than 200 restaurants spanning 30 states and six countries, demonstrating a strong track record in franchise growth, operational excellence, and innovative technology integration. Under his leadership, Capriotti's and Wing Zone have achieved national recognition, driven franchisee profitability, and solidified their market presence.

Previously serving as CIO and CMO at Capriotti's, Jason was named the second Most Social CIO globally by Forbes and has been featured in top-tier publications including The New York Times, Huffington Post, Forbes, QSR Magazine, Nation's Restaurant News, and Franchise Times. His industry achievements include accolades such as Top Tech Executive and a 40 Under 40 award from Vegas Inc. Magazine.

Beyond his restaurant franchise leadership, Jason sits on multiple philanthropic boards—the AOKI Foundation supporting brain research and community empowerment initiatives, R3demption Community helping at-risk youth, and the Intermountain Health's Pediatric Advisory Council building Nevada's first dedicated children's hospital. He is an investor in early-stage tech and medtech companies and participates in commercial real estate developments in Las Vegas and Delaware.

Jason's robust educational background includes a B.S. in Computer Science and an MBA with a specialization in New Venture Management from the University of Nevada, Las Vegas, complemented by his Certified Franchise Executive designation from the International Franchise Association.

In his personal life, Jason is a man of faith who enjoys family time with his wife, Malia, and their four children, alongside his passions for reading, playing guitar, philosophy, running, and snowboarding.

Bradley Howard			
<u>Company Name</u>	<u>Job Title</u>	<u>Start Date – End Date</u>	<u>Company Address</u>
<u>Trend Commerce LLC</u>	<u>C.E.O.</u>	<u>July 2007 to April 2023</u>	<u>229 S Las Vegas Boulevard, Las Vegas, NV 89101</u>
<u>Howard Family Ventures</u>	<u>Managing Partner</u>	<u>April 2023 to Present</u>	<u>716 N. Carson St. #B, Carson City, NV, 89701, USA</u>

Tamir Elijahoo			
<u>Company Name</u>	<u>Job Title</u>	<u>Start Date – End Date</u>	<u>Company Address</u>
<u>Recreation Holdings Group LLC</u>	<u>Owner</u>	<u>January 2017 to Present</u>	<u>2001 Redbird Drive, Las Vegas, NV 89134</u>

<u>Hamsa 5 LLC</u>	<u>Owner</u>	<u>April 2023 to Present</u>	<u>2001 Redbird Drive, Las Vegas, NV 89134</u>

<u>Jason Smylie</u>			
<u>Company Name</u>	<u>Job Title</u>	<u>Start Date – End Date</u>	<u>Company Address</u>
<u>Capriotti’s Sandwich Shop, Inc.</u>	<u>President</u>	<u>January 2008 to Present</u>	<u>6056 S. Durango Drive Suite 100, Las Vegas NV 89113</u>

**Item 3
Litigation**

No litigation is required to be disclosed in this Item.

**Item 4
Bankruptcy**

No bankruptcy is required to be disclosed in this Item.

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**Item 5
Initial Fees**

Franchise Agreement

The initial franchise fee due under each Franchise Agreement (where no development rights are granted) is a lump sum payment of \$40,000, payable in full when you sign the Franchise Agreement. The initial franchise fee is fully earned when paid and non-refundable in consideration of our administrative and other expenses incurred in granting the franchise and for our lost or deferred opportunity to franchise others.

You also must pay a Development Services Fee for each Arcade you develop for our costs incurred in site selection assistance, layout and design assistance, plan review, and lease review assistance. This fee is \$10,000 and is due in a lump sum when you sign the Franchise Agreement. This fee is fully earned and non-refundable.

Unless your Arcade operates within a “Non-Traditional Venue” (defined below), you must spend at least \$30,000 on an Arcade Launch Marketing Plan that will be made in collaboration with you. \$20,000

is paid to us in two (2) equal installments of \$10,000, and \$10,000 is managed by you, with roughly half spent pre-opening and half spent post-opening with proof of this expenditure provided. The first \$10,000 installment to us is due no later than four (4) weeks prior to your Arcade opening, and will include an initial press release, creation of your store's dedicated webpage, social media campaign launch, content creation (photos/video), initial paid media advertising, and a digital store promotional video. The second \$10,000 installment is due no later than ten (10) weeks after opening and will fund the setting up of a customer loyalty program, email and text message marketing, social influencer collaboration, and online review management. These amounts are non-refundable once marketing activities have begun. The \$5,000 managed by your pre-opening is expected to include local sponsorships, mall signage, street team marketing and handouts, and hosting a grand opening event targeted at local influencers and community leaders. The remaining \$5,000 post-opening will include local print or digital media advertising (e.g., magazines, local publications, local news outlets) and ongoing mall/shopping center advertising (e.g., kiosks, banners, indoor/outdoor placements).

If your Arcade operates within a Non-Traditional Venue, you must spend at least \$10,000 on an Arcade Launch Marketing Plan. This amount is due no later than four (4) weeks before the Arcade opens. We will create the Arcade Launch Marketing Plan in collaboration with you and implement the Plan on your behalf. This payment is non-refundable. A "Non-Traditional Venue" means a captive-venue location, including airports, hospitals or medical centers, limited-access highway food facilities, bus or train locations, entertainment and sports complexes, convention centers, military facilities, schools, colleges, and universities, office facilities, department and retail super-stores, off-site sales accounts, convenience stores, supermarkets, and home-improvement retailers, as well as any type of location known colloquially as a "Satellite Arcade," or a similar type of location that operates without walls around the machine placement.

If you sign the Franchise Agreement in connection with your purchase of the Arcade from an existing franchisee (or, if applicable, from us or our affiliates), you must pay us \$7,500 to purchase marketing and advertising for the Arcade's "Transfer Marketing Plan," which covers marketing activities during the first two (2) to three (3) months after the transfer is completed.

Development Rights Agreement

~~If you sign our DRA because you commit to developing at least three (3) Fantasy Claw Arcades within a designated territory, the initial franchise fee due for each arcade slated for development, including the first arcade, is \$30,000. When you sign the DRA, you (or your Approved Affiliate) also must sign a Franchise Agreement for the first arcade to be developed and pay us a development fee. The development fee is the sum of the following amounts: (1) the \$30,000 initial franchise fee for the first arcade to be developed under the DRA (for which you or your Approved Affiliate concurrently signs the Franchise Agreement); (2) the \$10,000 Development Services Fee due for the first arcade to be developed under the DRA; and (3) a deposit equal to \$10,000 for each additional arcade (after the first arcade) which the DRA grants you the right to develop. We will identify the number of Arcades you must develop, the deadlines for finding their sites and signing their leases, the deadlines for developing and opening them, and the applicable development fee before you sign the DRA.~~

~~The development fee is not refundable under any circumstances, even if you do not comply or attempt to comply with the Development Schedule and we then terminate the DRA. While the Development Fee is not refundable, each time you sign a Franchise Agreement for the next arcade to be developed within the Territory under the DRA, we will apply the deposit related to that arcade (which is part of the Development Fee) toward the initial franchise fee due for that arcade (leaving \$20,000 of the initial franchise fee due at time of signing).~~

~~If you enter in a Development Rights Agreement, you are required to pay a one-time non-refundable Development Rights fee when you sign the Development Rights Agreement, in the amount of \$50,000 to us. The Development Rights Fee includes a full initial franchise fee of \$30,000.00 for the first FANTASY~~

CLAW ARCADE Franchised Business, a partial payment of \$10,000.00 for the second FANTASY CLAW ARCADE Franchised Business and a partial payment of \$10,000.00 for the third FANTASY CLAW ARCADE Franchised Business, which will be credited towards the initial franchise fees of \$30,000 payable upon execution of the second and third FANTASY CLAW ARCADE Franchised Businesses. Should the development obligation exceed 3 or more FANTASY CLAW ARCADE Franchised Businesses, the Development Right Fee shall be increased by \$10,000.00, which increase shall be credited towards the initial franchise fee of \$30,000.00 for each such additional FANTASY CLAW ARCADE Franchised Business.

Under a Development Rights Agreement, you must develop a minimum of three (3) FANTASY CLAW ARCADE Franchised Businesses. There is no maximum number of additional FANTASY CLAW ARCADE Franchised Businesses that you may develop under a Development Rights Agreement. The total Development Fee is based on the number of additional franchises you purchase. The Development Services Fee is uniformly charged for all Development Right Agreements currently being offered. The Development Fee is considered fully earned and non-refundable upon payment.

Except as provided above, the initial franchise fee and development fee are uniform for all franchisees and developers under this offering and are not refundable under any circumstances.

We will pay a referral incentive to each existing franchisee that refers to us (by telephone or email introduction to the Franchise Sales Department) a new prospective franchisee (not already in the system) that ultimately signs a Franchise Agreement or Development Rights Agreement with us. We will pay a \$7,500 referral fee only for the first agreement executed as a result of the referral. We will pay \$5,000 of this referral fee within ten (10) days after the Agreement is signed (if we have received the development fee or franchise fee from the developer or franchisee) and the remaining \$2,500 within ten (10) days after the developer or franchisee opens its first Arcade. We may end or change this referral incentive at any time in our sole judgment. We do not expect or want the referring franchisee to be involved in the franchise sales process.

**Item 6
Other Fees**

Type of Fee ⁽¹⁾	Amount	Due Date	Remarks
Royalty Fee	6% to 7% of monthly Gross Sales ^(2,3)	Payable daily along with the Royalty Fee report.	Royalties may be pulled by ACH enabled through the POS system
Marketing Fund	Up to 4% of monthly Gross Sales ⁽²⁾ We currently charge 2% of monthly Gross Sales	Payable when you pay your Royalty Fee ⁽²⁾	You must make contributions to the Marketing Fund.
Technology Fee	1% of Gross Sales	Payable when you pay your Royalty Fee ⁽²⁾	While we do not currently charge this fee, we have the right to begin collecting it on 30 days' prior written notice to you. Tech Fees cover technology expenditures we deem best for the franchise system (and company- and

designated Fantasy Claw Arcade training arcade in Las Vegas. If your Managing Owner will not be the Arcade’s full-time general manager, we will require at least two (2) other people with primary responsibility for operating your Arcade to attend training (in addition to your Managing Owner). If we determine that the required attendees cannot complete initial training to our satisfaction, we have the right to postpone the Arcade’s opening until two (2) trained candidates are available. Two (2) additional people must attend and satisfactorily complete an hourly team-member training program. We also have the right to postpone the Arcade’s opening if we determine that a person in our training program (i) falsified any documentation, (ii) made any material misrepresentation, (iii) was not approved under our standard application procedures, (iv) failed to complete all the training hours in our training program, or (v) failed to pass our training program examinations. We have the right to expel that person from our training program or postpone the opening until a qualified, trained candidate is available. You must pay any damages we experience due to the expulsion and will be charged for then-current training costs.

You must pay salaries and benefits, travel, lodging, meals, and other associated expenses incurred by you and your trainees/attendees.

If you request our trainers to provide additional or supplemental training and we have the resources to accommodate this request, fees you will incur include a fee of \$1,000 per trainer per five (5) days for training in Las Vegas. If you request that our trainers provide additional or supplemental training at your location and we have the resources to accommodate this request, fees you will incur include a fee of \$2,000 per five (5) days of training, and you will be invoiced for travel-related expenses (flight, car, hotel, per diem) and other associated expenses.

Please note that the table above and the footnotes are a general summary only. You can only obtain a full understanding of the System and the costs involved by reading all of the franchise documentation completely. Certain state and federal legislation may affect the respective rights and liabilities under the various agreements to which you and we are both parties.

**Item 7
Estimated Initial Investment**

Table 1:

YOUR ESTIMATED INITIAL INVESTMENT
(FOR A “TRADITIONAL” FANTASY CLAW ARCADE)

Type of Expenditure	Amount ¹	Method of Payment	When Due	To Whom Payment is Made
Franchise Fee ²	\$40,000	Lump Sum	When you sign Agreement	Us
Development Services Fee ³	\$10,000	Lump Sum	When you sign Agreement	Us

Architectural/ Engineering Fees and Project Management ⁴	\$0 - \$15,000	Vendor's Terms	As Incurred	Arcade Planner/ Architect/ Engineer
Professional Services ⁵	\$2,000 - \$8,000	As Incurred	As Incurred	Your attorney, accountant, and other professionals
Permits and Licensing ⁶	\$3,000 - \$17,000	As Incurred	As Incurred	Local Municipalities
Rent ⁷	See Note 7	See Note 7	See Note 7	See Note 7
Security Deposits ⁸	\$3,000 - \$30,000	Lump Sum	Per Lease/Utility Company Requirements	Landlord / Utilities
Leasehold Improvements ⁹	\$15,000 - \$75,000	Negotiable	Contract Terms	General Contractor
Furniture, Fixtures, Equipment ¹⁰	\$ 65 80,000 - \$ 100 120,000	Vendor's Terms	Before opening	Approved Independent Suppliers
Interior Décor	\$6,000 - \$12,000	Vendor's Terms	Before opening	Vendor
Exterior Signage	\$5,000 - \$10,000	Vendor's Terms	Before opening	Approved Sign- Maker
Menu Boards	\$800 - \$2,000	Vendor's Terms	Before opening	Vendor
POS System ¹¹	\$1,500 - \$3,000	Vendor's Terms	Before opening	Vendor
Training ¹²	\$15,000	As Incurred	As Incurred	Various

Opening Inventory	\$15,000 - \$30,000 - <u>\$60,000</u>	Vendor's Terms	Before opening	Vendor
Arcade Launch Marketing Plan ¹³	\$30,000	As Incurred	Upon demand	Us
Pre-Opening Mock Operations ¹⁴	\$3,000	As Incurred	Before opening	Various
Insurance (3 Months) ¹⁵	\$1,000 - \$2,000	Vendor's Terms	Before opening	Vendor
Additional Funds – 3 Months ¹⁶	\$30,000 - \$40,000	See Note 16	As Incurred	Various
TOTAL¹⁷ (excluding real estate purchase and lease costs)	\$245 <u>\$275,300</u> - \$442 <u>\$492,000</u>			

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- There are no other direct or indirect payments regarding the purchase of the franchise.
- Except for the security deposit and perhaps some utility deposits (see note 8 below), no expenditure in this table is refundable.
- If you are renewing your franchise, you will not incur most of these costs because your Arcade is already open. However, you must make certain upgrades, modifications, and improvements at your Arcade to meet our current standards. Your costs will depend on your Arcade's current condition.

Table 2:

<u>YOUR ESTIMATED INITIAL INVESTMENT</u> <u>(Area Development Agreement – for 3 outlets only)</u>				
<u>Type of expenditure</u>	<u>Amount</u>	<u>Method of payment</u>	<u>When due</u>	<u>To whom payment is to be made</u>
<u>Development Fee</u>	<u>\$50,000.00</u>	<u>Lump sum payment in cash or available funds</u>	<u>Upon signing the Development Rights Agreement</u>	<u>Us</u>
<u>Cost of first Franchised Business</u>	<u>\$235,300, - \$452,000</u>	<u>As Agreed</u>	<u>As Incurred</u>	<u>Landlord or Vendors</u>

TOTAL	<u>\$285,300 to \$502,000</u>
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Footnotes to Table 1 and Table 2:

¹The initial fees represent actual amounts; we have estimated all other amounts based on our experience. The low estimate is the lowest for each category.

²We describe the initial franchise fee and development fee, and when these fees are due, in Item 5. No separate initial investment is required when you sign the Development Rights Agreement, although you of course must build the first Arcade at a cost estimated to range as described in the chart above. Therefore, the total investment necessary to begin operation of your acquired development rights is \$255,300-\$452,000, with a total investment of \$705,900-\$1,296,000 if you commit to develop a minimum of three (3) Fantasy Claw Arcades.

³This fee is payable when you sign the Franchise Agreement for our costs incurred in providing site selection, layout, and design assistance. However, if you sign a Development Rights Agreement, this fee for the first Arcade you agree to develop is due when you sign the Development Rights Agreement. We charge the same fee whether your Arcade will be in a traditional or non-traditional location.

⁴This fee represents the cost of plans and specifications paid to an approved arcade designer, architect, and engineer. We may require that you use an approved construction management firm to manage the construction process for your location. The cost for the development of construction documents can vary depending on the state or municipality where your Arcade will be built.

⁵Professional fees are for attorneys, accountants, or other professionals from whom you seek advice.

⁶Permits and licensing are fees paid to various local agencies to secure permits related to the construction of your leasehold space.

⁷An Arcade occupies approximately 1,000 to 2,500 square feet of leased space, typically in an in-line Shopping center in an urban or suburban commercial area. Your investment could be substantially higher if you decide to buy property or to lease space in a regional Shopping mall, enclosed Shopping mall, lifestyle center, or high-rent facility. Rent depends on geographic location, space size, local rental rates, other businesses in the area, site profile, and other factors. We cannot estimate precisely your initial real estate investment. While there are exceptions depending on landlord negotiations, our franchisees typically do not pay rent before they open for business.

⁸Landlords typically charge a security deposit equal to 1 month's rent and also may have site lease deposits that vary according to location. Utility and other companies typically charge security deposits that vary by locale and your credit history. Some security deposits will be refundable depending on your agreement with the landlord or the utility and other companies.

⁹The cost of leasehold improvements can vary significantly depending on factors like (i) whether pre-construction demolition of existing walls and partitions is required, (ii) whether the space was previously used as an Arcade and already contains electrical outlets necessary to power the machines (iii) regional differences in material costs. The high and the low amounts reflect estimated leasehold improvement costs without any tenant improvement allowances but do include a 10% contingency (of the total estimated cost) for unexpected cost overruns or delays. The only Fantasy Claw Arcade location opened in 2024 had no tenant improvement allowance. Please note that not all of our franchisees receive tenant-improvement allowances. If your landlord provides a tenant-improvement allowance, that will be

incorporated into your rent. We have detailed information on one (1) Fantasy Claw Arcade that opened in 2024. This arcade is located within a Shopping mall and is approximately 4,000 square feet and is a converted shoe store with a large storage area.

Although we expect all projects to fall within the indicated range, as we continue to expand into new and higher-cost markets, our experience with these costs could change significantly. Depending on the market in which you develop or the type of Arcade you develop, you might experience costs exceeding the range listed in the table. Unpredictable and unknown fluctuations in costs due to supply-chain disruptions, supply shortages, inflation, regulations, tariffs, transportation costs, and other economic factors on the international, national, regional, and local levels also could affect development costs.

¹⁰The high and low amounts represent the price to buy new equipment. This range includes the purchase of audio-visual equipment.

¹¹This represents the cost for the fully integrated required point-of-sale (POS) system with our required suite of services.

¹²This represents the training cost for your first Arcade. You do not pay an initial training fee, but you will pay all personal expenses for the training for you and your employees, including transportation to Las Vegas, lodging, meals, wages, and benefits for you and any of your employees during Pre-Opening Mock Operations. This amount is the estimated cost for four (4) people to attend our training program.

¹³You must spend at least \$30,000 on Arcade Launch Marketing activities. The Arcade Launch Marketing Plan typically covers a four (4) to six (6)-month period. We will make the spend on your behalf. You must pay us \$15,000 four (4) weeks before the Arcade opens and another \$15,000 within ten (10) weeks after the Arcade opens. Some franchisees may choose to spend significantly more than \$30,000 towards their Arcade launch marketing and advertising activities.

¹⁴All arcades must have at least two (2) Pre-Opening Mock Operation and staff training events commonly called friends and family night. For the friends and family night, we estimate plushie costs of \$1,500 and approximately 200 salary hours for three (3) days of employee pre-opening training.

¹⁵You must purchase insurance we specify, as described in Item 8.

¹⁶This is an estimate of the funds needed to cover your other pre-opening expenses as well as initial start-up expenses during the first three (3) months of operation (other than the items identified separately in the table). This includes rent, utilities, wages, inventory purchases, office supplies, printed materials, phone, facsimile, pre-opening and regular salaries for managers, pre-opening and regular wages of hourly employees, debt service, real estate services, legal, internet expense, accounting expense, and other expenses. We relied on our affiliates' experience in operating arcades to compile this Additional Funds estimate.

¹⁷We do not offer financing directly or indirectly for any part of the initial investment. The availability and terms of financing depend on many factors, including the availability of financing, your creditworthiness, collateral, and lending policies of financial institutions from which you request a loan. An estimated initial investment will be incurred for each Fantasy Claw Arcade established under a Development Rights Agreement.

The outlined investment is for a traditional Fantasy Claw Arcade. If you open an Arcade in a Non-Traditional Location, such as a regional Shopping mall, enclosed Shopping mall, lifestyle center, airport, university, or sports arena, or any other type of location that operates without leasehold improvements, the cost could be significantly lower or potentially higher depending upon the location, the required equipment, design, the use of union labor, and facilities fees paid to the location owner (see the next estimated initial investment chart).

supermarkets, and home-improvement retailers; and (ii) any type of location known colloquially as a “satellite arcade,” or a similar type of location that operates without a physical boundary.

A “Restricted Venue” is a physical location within the Territory (which need not be a Non-Traditional Venue) for which that location’s owner or manager sets financial, experience, or organizational standards for an acceptable operator that you (or your Approved Affiliate) do not and cannot satisfy when the opportunity becomes available.

Our, our affiliate’s, or another franchisee’s or licensee’s establishment and operation of a Fantasy Claw Arcade at or within a Non-Traditional Venue or a Restricted Venue physically located in the Territory will not count toward your compliance with the Schedule. However, Fantasy Claw Arcades that you (or your Approved Affiliates) establish and operate at or within a Non-Traditional Venue physically located in the Territory will count toward your compliance with the Schedule.

Except as provided above, continuation of your territorial rights does not depend on your achieving a certain sales volume, market penetration, or other contingency, and you have no other options, rights of first refusal, or similar rights to acquire additional franchises. We do not have the right to alter your Territory during the DRA’s term.

Despite the development schedule under the DRA, we have the right to delay the construction, development, and/or opening of additional Fantasy Claw Arcades within the Territory if at any time we believe that such delay is in the best interests of the Fantasy Claw Arcade brand, including for reasons related to lack of sites meeting our criteria, supply-chain issues, or our assessment in our sole judgment that you (or your Approved Affiliate) are not yet operationally, managerially, or otherwise prepared (no matter the reason) to construct, develop, open, and/or operate the additional Fantasy Claw Arcade in full compliance with our standards and specifications. We have the right to delay additional development and/or an Arcade’s opening for the time period we deem best if the delay will not in our reasonable opinion cause you to breach your development obligations under the development schedule (unless we are willing to extend the schedule to account for the delay).

Although we have the right to do so, we and our affiliates have not yet established, and have no current plans to establish or operate, other franchises or company-owned outlets or another distribution channel selling or leasing similar products or services under a different trademark.

Item 13 Trademarks

Upon execution of the Franchise Agreement, we will grant you the non-exclusive right and privilege to use the Marks in your Fantasy Claw Arcade. You may not use any of our Marks as part of your firm or corporate name. You may not use the Marks for the sale of unauthorized products or services or in any manner not authorized in writing by us. Any right or privilege you may have to use our Marks will terminate in full when you are no longer in good standing or upon the expiration or termination of your Franchise Agreement. The Development Rights Agreement does not grant you the right to use the Marks. These rights arise only under Franchise Agreements you sign with us. All rights in and goodwill from the use of the Marks accrue to us.

(a) Registrations and Applications

The following service marks We are the owner of the following Mark(s). The Franchise Agreement will license to you the right to operate your Franchised Business under the Fantasy Claw Arcade service marks, as described below (“Principal Marks”), which have been registered on the Principal Register of the United States Patent & Trademark Office (“USPTO”):

Trademark	Serial Number	Registration Number	Registration Date
FANTASY CLAW ARCADE	98418280	7853343	July 1, 2025

We are also the owner of the following Mark(s). The Franchise Agreement will license to you the right to operate your Franchised Business under the Fantasy Claw Arcade service marks, as described below (“Principal Marks”). We do not have a federal registration for the following trademark(s). Therefore, these trademark(s) do not have many legal benefits and rights as a federally-registered trademark. If our right to use the trademark is challenged, you may have to change to an alternative trademark, which may increase your expenses:

Trademark	Serial Number	Registration Number	Registration Date
FANTASY CLAW ARCADE	98418335	Pending	Pending
FANTASY CLAW ARCADE	98418280	Pending	Pending

(b) Renewals and Affidavits

We have filed all required affidavits and renewals for the registered Marks that have become due and intend to file all required affidavits and renewals when due for the Marks that remain important to our system.

(c) Determinations

There are no currently effective material determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of any state, or any court, and no pending infringement, opposition, or cancellation proceedings or material litigation, involving the Marks that significantly limit our rights to use or license the use of the Marks listed in this section in a manner material to you.

(d) Agreements

No agreement limits our right to use or license the use of the Marks in a manner material to the franchise.

(e) Protection of Rights

We have the right to control any administrative proceeding or litigation involving a Mark we license to you. You must notify us promptly of any use by any person or legal entity other than us or our franchisees of any of the Marks or any variation of the Marks. We will decide the actions to take against the use of any of the Marks by any persons or legal entities other than us or our franchisees. Our current intent is to take strong action (which may include bringing litigation) against that use. Any actions that we take will be at our expense.

You must notify us promptly of any lawsuit or other proceeding brought against you involving any of the Marks, and you must deliver to us copies of any documents concerning the lawsuit or other proceeding that we request. We will decide whether to settle or defend any trademark litigation brought against you. We will do so at our expense, but you must cooperate with us. We do not have to protect your right to use the Marks. We must protect you against claims of infringement from your use of the Marks.

We reserve the right to acquire or develop additional Marks and to use the Marks ourselves, make those Marks available for use by you and other franchisees, or make those Marks available for use by other persons or entities.

We reserve the right to modify, eliminate, or provide a substitute for any Mark. If this happens, you will be responsible for your costs of compliance.

You may not directly or indirectly contest our rights in the Marks.

(f) Superior Prior Rights

We do not know of any superior prior rights that could materially affect your use of the Marks.

(g) Infringing Uses

We do not know of any current infringing uses of the Marks that could materially affect your use of the Marks.

**Item 14
Patents, Copyrights, and Proprietary Information**

We hold no patents, and no patents are material to the franchise. We have no pending patent applications that are material to the franchise.

We and our affiliates claim copyrights in the Manual (containing our trade secrets and confidential information), Arcade blueprints and other design features, signage, advertising and marketing materials, our system website, and similar items used in operating Fantasy Claw Arcades. We and our affiliates have not registered these copyrights with the United States Copyright Office but currently need not do so to protect them. You may use copyrighted items only as we specify while operating your Arcade (and must stop using them at our direction).

There currently are no effective adverse material determinations of the USPTO, the United States Copyright Office, or any court regarding the copyrighted materials. No agreement limits our right to use or allow others to use copyrighted materials. We do not actually know of any infringing uses of our copyrights that could materially affect your using them in any state. We need not protect or defend copyrights, although we intend to do so in the system's best interests. We may control any action we choose to bring, even if you voluntarily bring the matter to our attention. We need not participate in your defense and/or indemnify you for damages or expenses in a copyright proceeding.

Under the Franchise Agreement, you must conduct your business in accordance with the Manual. You will receive electronic access to a printable copy of the Manual throughout the franchise term, which will be updated periodically at no charge to you. If you require a paper copy of the Manual, one can be loaned at a cost of \$1,000. You must at all times treat the Manual and any other manual created for or approved for use in the Arcade's operation and the information contained in the Manual as confidential and must use all reasonable efforts to maintain this information as secret and confidential. You must not at any time copy, duplicate, record, or otherwise reproduce these materials or otherwise make the same available to any unauthorized person.

The Manual will remain our sole property and must be kept in a secure place at the Arcade. We may revise the contents of the Manual, and you expressly agree to comply with each new or changed standard. You must ensure that your copy of the Manual is kept current and up to date and, if there are any disputes as to the contents of the Manual, the terms of the master copy of the Manual we maintain at our headquarters will control.

This historical financial performance representation reflects certain actual unaudited operating results of the affiliate-owned Fantasy Claw Arcade described below during the 2024 calendar year. All “affiliate-owned” Fantasy Claw Arcades disclosed in this Item 19 are owned and operated by our wholly-owned or majority-owned and controlled subsidiaries or arcades licensed to members of our ownership.

All of the Fantasy Claw Arcades (both franchised and affiliate-owned) whose information is included in this Item 19 is substantially similar to one another in terms of products and services offered and substantially similar to the Fantasy Claw Arcades for which we are offering franchises in this disclosure document. We continue to shore up product distribution, improve operational efficiency and performance, enhance training programs, sign competitive vendor contracts, negotiate pricing with equipment and product suppliers, and enhance national and local marketing efforts. The “traditional” or “brick and mortar” Fantasy Claw Arcades disclosed in this Item 19 operate within a retail center or Shopping Mall, on a stand-alone basis, or at an in-line location with other businesses and have prominent exterior and interior branding. These Fantasy Claw Arcades operate a minimum of 10 hours per day, 7 days a week. The operational system is consumer-facing, directly serving products to consumers through dine-in and carryout options and indirectly serving consumers through delivery-service providers.

The financial performance representation discloses the actual unaudited profit and loss statement for our affiliate-owned Fantasy Claw Arcade which was open for a portion of 2024.

See Note ¹	Las Vegas Fashion Show – May – Dec 2024 Act \$	Las Vegas Fashion Show – May – Dec 2024 Act %	Avg Monthly 2024 \$	Avg Monthly 2024 %
Total Sales	\$666,457	100.0%	\$87,309	100.0%
Total Cost of Goods Sold ²	\$165,959	24.9%	\$21,741	24.9%
Store Level Salary ³	\$38,295	5.7%	\$5,017	5.7%
Store Level Bonus-Salary ⁴	\$0	0.0%	\$0	0.0%
Total Payroll & Related ⁵	\$100,813	15.1%	\$13,207	15.1%
Total Prime Cost ⁶	\$266,772	40.0%	\$34,948	40.0%
Total Operating Expense ⁷	\$90,684	13.6%	\$11,880	13.6%
Total Rent ⁸	\$100,000	15.0%	\$13,100	15.0%

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Royalty Fee ⁹	\$40,042	6.0%	\$5,246	6.0%
National Marketing Fee ¹⁰	\$13,347	2.0%	\$1,749	2.0%
Local Marketing Cooperative Fees ¹¹	\$0	0.0%	\$0	0.0%
Total Non-Controllable Expense ¹²	\$162,158	24.3%	\$21,243	24.3%
EBITDA¹³	\$146,843	22.0%	\$19,237	22.0%

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This historical below financial performance representation reflects net sales on a monthly basis for the affiliate-owned Fantasy Claw Arcade during the 2024 calendar year.

<u>Month</u>	<u>Net Sales - 2024</u>
<u>May*</u>	<u>\$32,190</u>
<u>June</u>	<u>\$88,415</u>
<u>July</u>	<u>\$133,372</u>
<u>09/01/2024</u>	<u>\$58,084</u>
<u>08/01/2024</u>	<u>\$98,856</u>
<u>07/01/2024</u>	<u>\$133,372</u>
<u>06/01/2024</u>	<u>\$88,415</u>
<u>December</u>	<u>\$102,928</u>

<u>Month</u>	<u>Net Sale</u>
<u>December</u>	<u>\$102,928</u>
<u>November</u>	<u>\$72,809</u>
<u>October</u>	<u>\$78,910</u>
<u>09/01/2024</u>	<u>\$58,084</u>
<u>08/01/2024</u>	<u>\$98,856</u>

<u>07/01/2024</u>	<u>\$133,372</u>
<u>06/01/2024</u>	<u>\$88,415</u>
<u>05/01/2024*</u>	<u>\$32,190</u>

*Our affiliate-owned Fantasy Claw Arcade was only in operation for a partial month during May of 2024.

Notes:

1. “Gross Sales” is defined as the total of all revenue and other consideration generated by Franchisee from operation of the Franchised Arcade whether from sales for cash or credit, and irrespective of the collection thereof, including sales of merchandise, products and services, excluding only (or, if applicable, reduced only by) the following: sales tax if paid to the appropriate government authorities; proceeds from the sale of equipment not in the ordinary course of business; promotional discounts initiated and formally requested by Franchisee and pre-approved by Franchisor in writing, provided physical evidence of the promotion is retained; and any other exclusions or reductions Franchisor specifically identifies (although without any obligation to do so) in the Manual.
2. The Arcade in this category opened May 17, 2024, and represents all affiliate-owned Arcades in the State of Nevada. Total sales are net of taxes and tips. Expenses exclude one-time startup costs, including but not limited to claw machines, opening inventory, laptops, leaseholder improvements, décor, signage, POS systems, FF&E, logistics, and legal.
2. Total Cost of Goods Sold: This includes the total cost of all plushies, prizes, tokens, freight, and paper goods used in the Arcades. The Cost of Goods Sold was 24.9% of total sales. Some proprietary items might not be stocked by our local distributor, causing an increase in freight costs.
3. Store Level Salary: This is the General Manager’s salary. Each affiliate-owned Arcade has one General Manager.
4. Store Level Bonus–Salary: Each General Manager has the opportunity to earn a bonus based on his or her management of Cost of Goods Sold and Labor.
5. Total Payroll & Related: This includes all salary and hourly wages, bonuses, taxes, and benefits paid at each company-owned Arcade.
6. Total Prime Cost: This is the sum of Cost of Goods Sold plus Total Payroll & Related.
7. Total Operating Expense: This includes comps, promos, cleaning supplies, linen, uniforms, equipment (purchases and rentals), repairs and maintenance, pest control, marketing and advertising, delivery expense, music, technology, telephone, permits, licenses, security, office supplies, postage, bank charges, credit card fees, and professional services.
8. Total Rent: This includes base rent, common area maintenance, property tax, insurance, and (at some of our locations) a fee to be included on monument or pylon signs.

9. Royalty Fee: Our affiliate-owned Arcades pay a License Fee equal to a 6% Royalty Fee. In this example, we take into account the payment of Royalty Fees for our locations. Royalties are not paid on discounts or couponing. This table represents the Royalty Fee of 6%, which would be paid by a multi-unit developer under the terms of an Area Development Agreement (rather than the 7% Royalty Fee payable by a franchisee who operates a single Arcade).
10. Marketing Fee–National: Each affiliate-owned Arcade contributes to the National Marketing Fund. While we have the right to collect 4% of Gross Sales towards the National Marketing Fund, we currently collect 2%. In this example, we take into account the payment of National Marketing Fees for all ten (10) locations. Our accounting system breaks up the 12 months into 13 separate 4-week accounting periods.
11. Marketing Fees–COOP: No advertising Coop is currently established.
12. Total Non-Controllable Expense: This includes total rent, in some instances personal property tax, electricity, gas, sewer, trash removal, water, TV, License Fee (Royalty Fee), Marketing Fees–National Fund & Local Cooperative, and accounting fees.
13. EBITDA: This calculation uses the following formula (Total Sales minus Total Prime Cost minus Total Operating Expense minus Total Non-Controllable Expense = EBITDA).

Fantasy Claw Arcades ~~Some outlets have earned these amounts, this amount.~~ **Your individual results may differ. There is no assurance that you will you'll earn as much.**

Written substantiation of all financial performance information presented in this financial performance representation will be made available to you upon reasonable request.

Other than the preceding financial performance representation, we do not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Brad Howard, Managing Partner, 3110 Polaris Ave Suite #8, Las Vegas, Nevada 89102, (614) 582-6477 the Federal Trade Commission, and the appropriate state regulatory agencies.

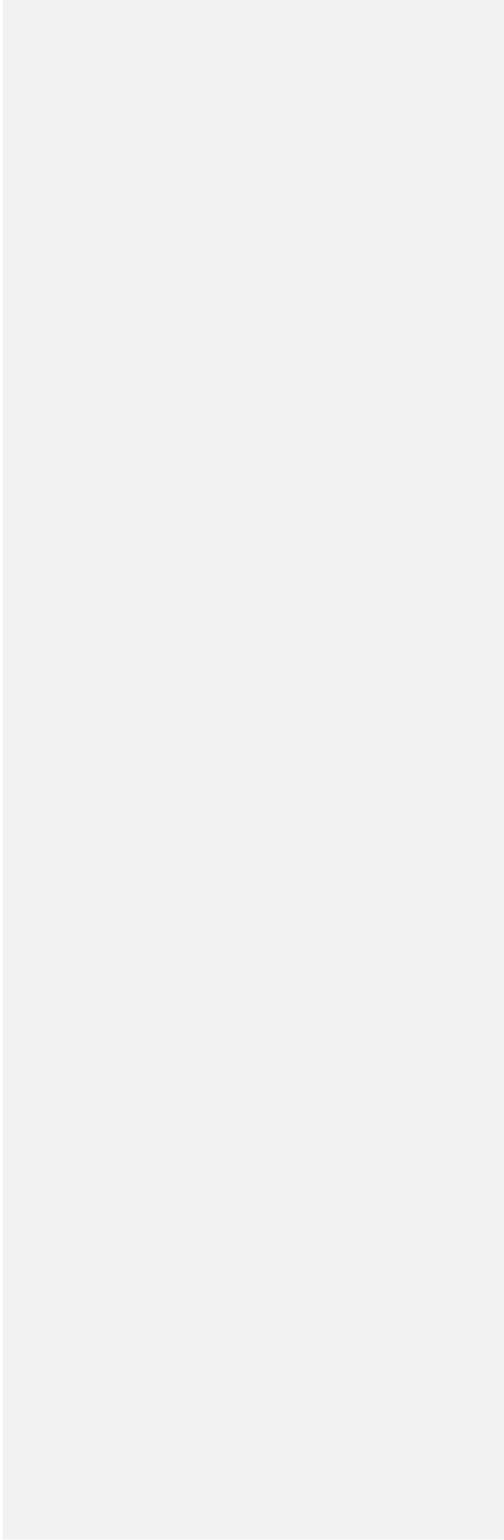
**Item 20
Outlets And Franchisee Information**

All year-end numbers appearing in the tables below are as of December 31 in each year. The "Company-Owned" outlets referenced in tables 1, 4, and 5 below are owned by one or more of our wholly-owned or majority-owned and controlled subsidiaries.

**Table No. 1
Systemwide Outlet Summary for the year 2024**

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2024	0	0	+0
Company- Owned	2024	0	1	+1
Total Outlets	2024	0	1	+1

EXHIBIT D
FINANCIAL STATEMENT



**THESE FINANCIAL STATEMENTS ARE PREPARED
WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES
OR SELLERS OF FRANCHISES SHOULD BE ADVISED
THAT NO CERTIFIED PUBLIC ACCOUNTANT HAD
AUDITED THESE FIGURES OR EXPRESSED HIS/HER
OPINION WITH REGARD TO THE CONTENT OR FORM.**

Fantasy Claw Arcade Franchise LLC

Balance Sheet

As of July 31, 2025

	TOTAL
ASSETS	
Current Assets	
Bank Accounts	
Chase Checking 2529	13,627.98
Total Bank Accounts	\$13,627.98
Accounts Receivable	
Accounts Receivable (A/R)	2,898.16
Total Accounts Receivable	\$2,898.16
Total Current Assets	\$16,526.14
TOTAL ASSETS	\$16,526.14
LIABILITIES AND EQUITY	
Liabilities	
Current Liabilities	
Other Current Liabilities	
Due to Related Party	13,017.49
Total Other Current Liabilities	\$13,017.49
Total Current Liabilities	\$13,017.49
Total Liabilities	\$13,017.49
Equity	
Owner's Investment	50,000.00
Retained Earnings	25,363.51
Shareholder Distributions	-22,500.00
Net Income	-49,354.86
Total Equity	\$3,508.65
TOTAL LIABILITIES AND EQUITY	\$16,526.14

Fantasy Claw Arcade Franchise LLC

Profit and Loss

May - July, 2025

	TOTAL
Income	
Marketing Fund Income	14,032.44
Royalty Fees	44,995.45
Total Income	\$59,027.89
GROSS PROFIT	\$59,027.89
Expenses	
Advertising and Marketing	3,502.00
Bank Charges & Fees	
Bank Fees	30.00
Total Bank Charges & Fees	30.00
Contractors	25,000.00
Equipment	975.36
Franchise Development	
Meals - Franchise Prospecting	225.40
Total Franchise Development	225.40
Legal and Professional	
Accounting Services	2,550.00
Franchise System Setup	500.00
Legal	9,000.00
Total Legal and Professional	12,050.00
Office Expenses	
Office Software	120.00
Accounting Software	130.06
Total Office Software	250.06
Supplies	177.33
Utilities	56.00
Total Office Expenses	483.39
Other Business Expenses	9.98
Trade Shows	60.00
Total Other Business Expenses	69.98
Payroll Expenses	
Payroll Taxes	5,121.26
Wages & Salaries	5,134.58
Total Payroll Expenses	10,255.84
Taxes & Licenses	1,865.00
Franchise Registration Fees	3,175.00
Total Taxes & Licenses	5,040.00

Fantasy Claw Arcade Franchise LLC

Profit and Loss

May - July, 2025

	TOTAL
Travel	
Parking and Tolls	20.00
Total Travel	20.00
Total Expenses	\$57,651.97
NET OPERATING INCOME	\$1,375.92
NET INCOME	\$1,375.92

ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT
REQUIRED BY THE STATE OF MINNESOTA

The Commissioner of Commerce for the State of Minnesota requires that certain provisions contained in franchise documents be amended to be consistent with Minnesota Franchise Act, Minn. Stat. Section 80.01 et seq., and of the Rules and Regulations promulgated under the Act (collectively the "Franchise Act"). To the extent that the Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

1. Item 6, Non-Sufficient Funds Fee, is amended to state:

Pursuant to Minn. Stat. § 604.113, the Non-Sufficient Funds Fee is \$30.00 per occurrence.

2. Item 17 is amended to state:

(a) Minn. Stat. § 80C.21 and Minnesota Rules § 2860.4400(J) 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 this Franchise Disclosure Document or agreement(s) shall abrogate or reduce (1) any of your rights as provided for in Minn. Stat. Chapter 80C or (2) your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

(b) In accordance with Minn. Stat. § 80C.14 subd. 3-5, except in certain specified cases, we will give you 90 days notice of termination (with 60 days to cure) and 180 days notice for non-renewal of the Franchise Agreement. Additionally, we will not unreasonably withhold our consent to a transfer of your Board and Brush Creative Studio.

(c) In accordance with Minnesota Rules 2860.4400(D), we cannot require you to assent to a general release.

(d) In accordance with Minnesota Rules 2860.4400(J), we cannot require you to consent to liquidated damages.

(e) Minn. Stat. § 80C.17 subd. 5 requires that an action be commenced pursuant to the Franchise Act within three (3) years after the cause of action accrues.

(f) You cannot consent to us obtaining injunctive relief. We may seek injunctive relief. See Minnesota Rules 2860.4400(J).

3. The franchisor will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name. Minnesota considers it unfair to not protect the franchisee's right to use the trademarks. Refer to Minnesota Statutes, Section 80C.12, Subd. 1(g).

4. The Minnesota Securities Registration Division imposed a fee deferral requirement due to Franchisor's financial condition.

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 any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed with the franchise.

NEW YORK STATE ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

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 RESOURCES OR INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN ANYTHING IN THIS FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE APPROPRIATE STATE OR PROVINCIAL AUTHORITY. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT 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:

Except as provided 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 that is 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 ten years 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