

FRANCHISE DISCLOSURE DOCUMENT



XP League Franchise, LLC,
A Delaware limited liability company
2350 Airport Freeway, Suite 505
Bedford, Texas 76022
888.256.4868
letstalk@xpleague.gg
www.xpleague.com
www.xpleaguefranchise.com

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 \$82,650 to \$110,800. 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 an XP LEAGUE center is \$190,750 to \$332,000. 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 \$97,550 to \$146,100. 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 \$225,750 to \$392,000. The total initial investment necessary under the development agreement for two to three Affiliated Divisions ranges from \$132,550 to \$206,100. ~~These estimates include~~ This includes \$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 Franchising@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 30, 2024.

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 goods. 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.
5. **Unopened Franchises: The franchisor has signed a significant number of franchise agreements with franchisees who have not yet opened their outlets. If other franchisees are experiencing delays in opening their outlets, you also may experience delays in opening your own outlet.**

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.

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 guarantees our performance of obligations under the Franchise Agreement and Development Agreement.~~ Unleashed Brands’ parent company is Leviathan Intermediate Holdco, LLC, which is owned by UA Holdings, LLC (“UA Holdings”), ~~which we consider our parent company. Unleashed Brands guarantees our performance of obligations under the Franchise Agreement and Development Agreement.~~ Unleashed Brands Foundation, the charitable affiliate of Unleashed Brands, is a Texas based nonprofit corporation which conducts certain charitable activities. Our affiliate Adventis Insurance, Inc. (“Adventis”) provides our franchisees certain insurance policies. UA Holdings, Leviathan Intermediate Holdco, LLC, Unleashed Brands Foundation, 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 affiliate 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:

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 of the Affiliated Brands under the Unleashed Brands umbrella. When the Unleashed Fund is established, the NAF may contribute up to 5% of its monthly balance to the Unleashed Fund. Each of the Affiliated Brands are expected to contribute to the Unleashed Fund, except the percentage contributed by each Affiliated Brand's fund may vary. Only the Affiliated Brands 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, 2023, 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

Provision	Section in Franchise Agreement	Summary
		have taken corrective action. If we grant you the right to a successor/ <u>renewal</u> term, <u>upon renewal</u> , you must <u>may be asked to</u> sign our then-current form of franchise agreement, which may be with materially different <u>terms and conditions</u> than the current form and may reflect different royalty fee and advertising obligations <u>your original contract/franchise agreement</u> .
(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 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

STATE	STATE REGULATORY AGENCY	AGENT TO RECEIVE PROCESS IN STATE, IF DIFFERENT THAN THE STATE REGULATORY AGENCY
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 200 West Washington Street, Room 201 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 – Maryland 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 7 th Place East, Suite 280 St. Paul, Minnesota 55101-2198 (651) 539-1600 (800) 657-3602	Minnesota Department of Commerce, 85 7 th Place East, Suite 280, Saint Paul, MN 55101, (651) 539-1600
New York	NYS Department of Law Investor Protection Bureau 28 Liberty Street, 21 st Floor New York, New York 10005 (212) 416-8222	Secretary of State New York Department of State One Commerce Plaza 99 Washington Avenue, 6 th Floor Albany, NY 12231 (518)-473-2492
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	

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.~~

**STATE OF MARYLAND
SECURITIES DIVISION**

FRANCHISOR SURETY BOND

**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.]

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	Pending
Illinois	Pending <u>June 10, 2024</u>
Indiana	May 1, 2024
Maryland	Pending
Michigan	May 1, 2024
Minnesota	Pending
New York	Pending
North Dakota	Pending
Rhode Island	Pending <u>May 30, 2024</u>
South Dakota	Pending <u>May 10, 2024</u>
Virginia	Pending
Washington	Pending
Wisconsin	May 1, 2024

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.