

## FRANCHISE DISCLOSURE DOCUMENT

ESCAPOLOGY, LLC  
A FLORIDA limited liability company  
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ESCAPOLOGY®

The live escape game

ESCAPOLOGY®

The live escape game

You will operate a live escape game business offering high quality live escape game experiences using the trademark “Escapology”.

The total investment necessary to begin operation of an Escapology franchise ranges from \$249,317,667 to \$1,468,300,933,500. This includes \$37,500,45,000 to \$50,000 that must be paid to the franchisor or an affiliate.

The total investment necessary to begin the operation of an Escapology multi-unit development business ranges from \$374,362,667 to \$1,783,210,3,500, for the required minimum of 3 and a maximum of 8 Escapology outlets to be developed. This includes the \$162,500,90,000 to \$350,220,000 that must be paid to the franchisor or an 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 the 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 formats, contact Escapology, LLC – Lloyd Notley at 11951 International Drive, Unit 2A1, Orlando, Florida 32821; (407) 952-8275.

The terms of your contract will govern your franchise relationship. Don't rely on the disclosure document alone to understand your contract. Read your entire contract carefully. Show your contract and this disclosure document to an advisor, like a lawyer or 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, DC, 20580. You can also visit the FTC’s home page at [www.ftc.gov](http://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~~22, 2024

## How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
<b>How much can I earn?</b>	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.
<b>How much will I need to invest?</b>	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.
<b>Does the franchisor have the financial ability to provide support to my business?</b>	Item 21 or Exhibit C includes financial statements. Review these statements carefully.
<b>Is the franchise system stable, growing, or shrinking?</b>	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
<b>Will my business be the only Escapology business in my area?</b>	Item 12 and the “territory” provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
<b>Does the franchisor have a troubled legal history?</b>	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
<b>What’s it like to be a Escapology franchisee?</b>	Item 20 or Exhibit E lists current and former franchisees. You can contact them to ask about their experiences.
<b>What else should I know?</b>	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 requires you to resolve disputes with the franchisor by mediation and/or litigation only in Florida. 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 or litigate with the franchisor in Florida than in your own state.
2. **Mandatory Minimum Payments.** You must make minimum royalty fund payments, regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.
3. **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 may also experience delays in opening your outlet.
4. **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 your and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.

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.

**ESCAPOLOGY, LLC**  
**Franchise Disclosure Document**

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**EXHIBITS**

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- B: Franchise Agreement with Attachments
- C: Multi-Unit Development Agreement with Attachments
- D: Financial Statements
- E: Operations Manual Table of Contents
- F: List of Current Franchisees and Former Franchisees
- G: State Addenda
- H: Release
- I: Escapology Acknowledgement Statement
- J: Receipt

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

To simplify the language in this disclosure document, the terms “Franchisor”, or “we” or “us” means Escapology, LLC, the Franchisor. The terms “we”, “us” and “Franchisor” do not include you, the “Franchisee”. We refer to the purchaser(s) of an Escapology franchise, as “you” or “Franchisee”, whether an individual, a partnership, corporation, or limited liability company. If you are a corporation, partnership or other entity, our Franchise Agreement also will apply to your owners, officers and directors.

We were formed as a limited liability company in the state of Florida on September 22, 2014. Our principal business address is 11951 International Drive, #2D52A1, Orlando, Florida 32821, and our telephone number is (407) 278-1515/952-8275. We develop, operate, franchise, and service a system of premiere facilities in the United States of America, Canada, Chile, Dominican Republic, Ecuador, Mexico, Spain and the United Arab Emirates containing escape rooms, also known as escape games, in which a team of players cooperatively discover clues, solve puzzles, and accomplish tasks in one or more rooms in order to progress and eventually figure out how to “unlock” the door and leave the game setting in a set period of time (these are “Live Escape Games”).

We have operated a business similar to the one being offered by this FDD since December 2014. The “Escapology System” is a concept of Live Escape Games, for which we have been offering franchises since January 2016. Escapology Live Escape Games offer the public a high standard of quality and uniformity in Live Escape Games, service, and decor.

Escapology facilities are located in storefronts, and other locations that are appropriate to Escapology’s brand. The franchise being offered by this FDD is for the opening of stand-alone Escapology facility or an addition within a family entertainment center or other existing entertainment facility such as a casino or theme park. A grant of an Escapology franchise authorizes you to operate an Escapology facility at a specific location and to use the Escapology System in the operation of that Live Escape Game business.

The principal business addresses of our agents for service of process are shown on Exhibit A.

**Our Parents, Predecessors and Affiliates**

We do not have a predecessor company.

Our direct parent company is Escapology Holdings, LLC, a Florida limited liability company that has a principal place of business at 11951 International Drive #2D52A1, Orlando, Florida 32821. Its parent is Escape Holdco, Inc., a Delaware corporation, and that corporation's parent is Escape Holdings, LLC, a Delaware limited liability company; both of those indirect parents maintain their principal place of business at 500 Woodward Avenue, Suite 2800, Detroit, Michigan, 48226. Our ultimate parent company is controlled by Peninsula Capital Partners, an investment firm also located at 500 Woodward Avenue, Suite 2800, Detroit, Michigan, 48226.

Peninsula Capital Partners owns a controlling ownership interest in Gateway Market Canada, Inc., an Ontario corporation with a registered office address of 180 Blor Street West, Suite 1401, Toronto, Ontario M5S 2V6. Gateway Market Canada, Inc. is the franchisor of approximately 200 retail outlets located in the country of Canada within commercial and office developments or transit locations that sell candy, cards, gifts, tobacco, reading materials, lottery tickets and/or other sundry items, as “newsstands” or convenience stores, primarily in urban areas. Gateway

Market Canada, Inc. has been franchising since January 1, 2020, and it is the successor franchisor to Tobmar Newstands Inc. which has operated in Canada since the 1990's. None of our management, including those of our parent company, have management roles in Gateway Market Canada, Inc.

### **The Franchise Offered:**

We offer franchises for the right to independently establish and operate live escape rooms under the Escapology Marks and using our distinctive operating procedures and standards in a designated area (the "Franchised Business"). Escapology facilities are located in storefronts, and other locations that are appropriate to Escapology's brand. The franchise being offered by this FDD is for the opening of stand-alone Escapology facility or as an addition within a family entertainment center or other existing entertainment facility such as a casino or theme park. A grant of an Escapology franchise authorizes you to operate an Escapology facility at a specific location and to use the Escapology System in the operation of that Live Escape Game business. The distinguishing characteristics of the Franchised Business include, but are not limited to, our distinctive and uniform trade dress standards, operations procedures, service methods, and methods for management, training, and marketing, all of which may be changed, improved or further developed by us at any time (the "System").

### **Market and Competition:**

The market for ~~aan~~ Escapology business is composed of private consumers who like to overcome challenges in a live escape room context within set time limits. Escape rooms are also booked by commercial customers for team building, corporate entertainment and HR assessment.

This market for escape rooms is fairly recent (several years) and is still developing. You will compete with other providers of live escape rooms. The general market is not seasonal, and experiences are in demand year-round.

~~The success of your Escapology franchise will depend on your individual business abilities. You will establish your own business and be subject to the risks associated with any business, including operating proficiency and general business understanding.~~

### **Industry Specific Regulations:**

Live Escape Games are subject to various laws and regulations that apply to businesses generally, including public health and safety codes and ordinances. These include regulations concerning smoking, sanitation, discrimination, employment and sexual harassment laws as well as the Americans with Disabilities Act, which requires readily accessible accommodations for disabled individuals and may affect your operations. It is your responsibility to comply with these laws. You should consult with your own advisors and the government agencies in your state for information on how these laws apply to you. Among the laws and regulations that apply to businesses generally, you must comply with the Patient Protection and Affordable Care Act, 42 USC 18001.

## **ITEM 2: BUSINESS EXPERIENCE**

**President and Director (Escape Holdings, LLC): Christopher Gessner**

Mr. Gessner has served as President and a Director of our parent company from July 2021 to present. Mr. Gessner has served as a Partner at Peninsula Capital Partners located in Detroit, Michigan from February 2020 to present, and a director of that entity from February 2012 to present. Since February 2012, Mr. Gessner has also been a board member of several other companies controlled by Peninsula Capital Partners.

**Vice President and Director (Escape Holdings, LLC): Elizabeth DiGregorio**

Ms. DiGregorio has served as Vice President and a Director of our parent company from July 2021 to present. Ms. DiGregorio has served as a Director at Peninsula Capital Partners located in Detroit, Michigan from April 2021 to the present. Previously she served as a Vice President at The Huntington National Bank in Southfield, Michigan from December 2017 to April 2021 and a Vice President at Comerica Bank in Detroit, Michigan from July 2013 to December 2017.

**Chief Executive Officer: Charles Burton Heiss**

Mr. Heiss has served as our Chief Executive Officer since March of 2022 to present. Mr. Heiss has previously served as CEO of Buddy's Pizza from July 2019 until March 2021 in Farmington Hills, Michigan. Mr. Heiss has also been the Principal of Heiss Hospitality, a business consulting company based in Arlington, Virginia, since May 2017.

**Chief Financial Officer: ~~Jacquelyn Warren, CPA~~ Adam Doktor**

~~Ms. Warren~~ Mr. Doktor has served as our Chief Financial Officer from ~~August 2020~~ July 2023 to present. ~~Ms. Warren~~ Mr. Doktor had previously served as ~~the Chief Director of Financial Officer Planning and Investor Relations for PWG Franchising LLC~~ Travel + Leisure Co. in ~~Lake Mary~~ Orlando, Florida, from March ~~2006~~ 2018 through ~~December 2019~~ July 2023.

**Vice President of Franchising: Lloyd J. Notley**

Mr. Notley has served as our Vice President of Franchising since January 4, ~~2023~~ to present. Previously Mr. Notley served as our Chief Marketing Officer from July 2020 until December 31, 2022. He was our Franchise Sales Director from April 2018 until July 2020, and our sales manager from June 2017 until April 2018. Mr. Notley also has served as the President and Managing member of LJ Yelton Consulting LLC of Lake Mary, Florida from 2016 to the present.

**Director (Escape Holdings, LLC): Simon Mark Davison**

Simon Davison has served as a Director of our parent company Escape Holdings, LLC from July 2021 to ~~the~~ present. Mr. Davison has also served as a Managing Member of Osbourne Purdie, LLC in Orlando, Florida from June 2009 to present. Mr. Davison is one of our co-founders and was our Chief Executive Officer in Orlando, Florida from July 2014 through February 2022.

**Chief Operating Officer: Katy Dean**

Ms. Dean has been our Chief Operating Officer since January 2, ~~2023~~ to present. Previously Ms. Dean served as Chief Operating Officer of Buddy's Pizza in Farmington Hills, Michigan, and was with the company from February 2020 until September 2022. Prior to that, Ms. Dean served as Vice President of Marketing and Operations for WellBiz Brands in Denver, Colorado. She was with WellBiz Brands from January 2010 until February 2020.

**ITEM 3: LITIGATION**

In the Matter of the Commissioner of Financial Protection and Innovation v. Escapology, LLC, (State of California Department of Financial Protection and Innovation). On January 19, 2023, without hearing or final adjudication of any issue of fact, we voluntarily entered into a Consent Order with the Commissioner of the California Department of Financial Protection and Innovation (the "Commissioner") to resolve the Commissioner's claims that we violated the California Franchise Investment Law by (1) failing to disclose the material facts related to two negotiated sales withing California; (2) offering and selling when our Disclosure Document omitted to state that the we had sold franchises with different material terms in negotiated sales on 2 occasions; and (3) failing to provide maintain disclosure records for past sales. Under the Consent Order, we agreed to comply with the California Franchise Investment Law and to pay a penalty of \$12,500.

No litigation ~~is~~ other litigations are pending or required to be disclosed in this ~~Item~~ item.

**ITEM 4: BANKRUPTCY**

No bankruptcy information is required to be disclosed in this Item.

**ITEM 5: INITIAL FEES**

We will charge you an initial franchise fee ("Initial Franchise Fee") when you sign the Franchise Agreement. The Initial Franchise Fee is ~~Thirty-Seven~~Forty-Five Thousand ~~Five Hundred~~ Dollars (~~\$37,500~~\$45,000.00). This payment is fully earned by us and due in a lump sum when you sign the Franchise Agreement. The Initial Franchise Fee is not refundable under any circumstance.

We will charge you a development fee ("Development Fee") when you sign the Multi-Unit Development Agreement. The Development Fee is an amount equal to ~~Fifty~~Fifteen Thousand Dollars (~~\$50~~15,000.00) for a minimum of three (3) Escapology outlets you develop under the Multi-Unit Development Agreement. This payment is fully earned by us and due in a lump sum when you sign the Development Agreement. The Development Fee is not refundable under any circumstance. In addition to the Development Fee, you will be responsible for paying the Initial Franchise Fee equal to Twenty-Five Thousand Dollars (\$25,000.00) for each Unit you agree to open under your Multi-Unit Development Agreement. The total Initial Franchises Fees for each option is listed below:

<u>Number of Outlets</u>	<u>Total Initial Franchise Fees</u>
<u>3</u>	<u>\$75,000</u>
<u>4</u>	<u>\$100,000</u>
<u>5</u>	<u>\$125,000</u>
<u>6</u>	<u>\$150,000</u>
<u>7</u>	<u>\$175,000</u>
<u>8</u>	<u>\$200,000</u>

From time to time, we may offer special incentive programs as part of our franchise development activities. We reserve the right to offer, modify or withdraw any incentive program without notice to you.

From time to time, we create Live Escape Games using intellectual property licensed from other parties, such as characters generally known in pop culture, which are referred to in this disclosure document as “Licensed Games.” Under our licenses for Licensed Games, you may be required to pay additional initial and ongoing fees to install and present Licensed Games at your Escapology facility. If we require you to, or you choose to, purchase a Licensed Game, ~~\$5,000~~ you will be required to pay the then current cost for the Licensed Game. Currently the fee per Licensed game is \$5,000 which will be added to your initial franchise fee per Licensed Game (the “Licensed Game Fee”), which you will pay before opening your Escapology facility at the same time as you pay your initial franchise fee and is a one-time lump sum payment that we pay to the licensor of the marks used in the Licensed Game. The Licensed Game Fee is fully earned by us when paid and is not refundable. We cannot require you to purchase more than one Licensed Game when you acquire the franchise.

**ITEM 6: OTHER FEES**

<b>Type of Fee</b>	<b>Amount</b>	<b>Due Date</b>	<b>Remarks</b>
Continuing Royalty Fee <sup>1,2</sup>	6% of Gross Sales, with the following mandatory minimum monthly amounts:  \$1,000 for the first 18 months; \$2,000 for the next 18 months; \$3,000 for each month thereafter.  The minimum Royalty Fee must be paid beginning the twelfth month following the execution of your Franchise Agreement, regardless of whether or not the business is operational.	Payable on the 10 <sup>th</sup> day of the month for the previous month.	Payable to us.
Per Player Licensed Game Fee <sup>3</sup>	Payable for each person who plays any Licensed Game; current range is \$1.50 to \$3.50 per player	Monthly at the same time as the Royalty Fee	Fee varies based on Licensed Game; See Note 3
<del>New</del> Additional Game Fee <sup>4</sup>	For each game over the required minimum for your location you must pay the then-current New Game Fee  Currently our New Game fee is \$5,000 per game	As incurred	Payable to Us. Beginning on the 4 <sup>th</sup> year of your term, you must replace at least 1 game every year with a new game. See note 4
<u>Extension Fee</u> <sup>5</sup>	<u>\$5,000</u>	<u>As incurred</u>	<u>Payable to us. Paid to</u>

Type of Fee	Amount	Due Date	Remarks
			us if you need extra time
Managed Marketing Program <sup>5</sup> Program <sup>6</sup>	<del>Currently</del> Between \$849 - \$1,299 per month	Monthly, at the same time as the Royalty Fee	Payable to us
<u>Technology Fee<sup>7</sup></u>	<u>\$499 per month</u>	<u>Monthly, at the same time as the Royalty Fee</u>	<u>Payable to us See Note 7</u>
Minimum Local Advertising	3.5% of Gross Sales	Monthly	Payable to vendor
Innovation Fee <sup>6</sup> Fee <sup>8</sup>	2% of Gross Sales	Monthly at the same time as the Royalty Fee	Payable to us. See note <u>68</u>
Advertising Cooperative	Your share of actual cost of advertising.	As determined by cooperative	No cooperatives have been established as of the date of this Disclosure Document. You are required to join an advertising cooperative if one is formed. -Cooperatives will be comprised of all franchised Escapology outlets in a designated geographic area. Any affiliate-owned outlets may participate in an advertising cooperative, <del>in our sole discretion.</del> <u>at our sole discretion. If we establish a regional advertising fund or cooperative, you must contribute amounts equal to your share of the total cost of cooperative advertising.</u>
National Business Meeting or Convention Fee <sup>8</sup> Fee <sup>9</sup>	Our then-current national business meeting or convention fee, currently \$500 per attendee plus cost of food, transportation and lodging	As incurred	See note <u>89</u>

Type of Fee	Amount	Due Date	Remarks
Late Fee <sup>9</sup> <u>Fee</u>	\$250	As incurred	Any payment not actually received by us as required by the Franchise Agreement shall be deemed overdue or if you fail to submit your Gross Sales report when due. If any payment is overdue, you will have to pay us, in addition to the overdue amount a late fee may be added. If you do not pay 7 days after the due date, the current penalty is \$250. This total is due upon receipt of the past due invoice and shall be electronically deposited, as specified by us.
Interest Charge <sup>9</sup> <u>Charge</u> <sup>10</sup>	18% per annum from due date, or maximum allowed by law	As incurred	If you fail to pay us any amount when due, we may charge you interest on the unpaid balance until the payment is received.
Non-Sufficient Funds Fee	\$30	As incurred	If your check is returned or an electronic funds transfer from your bank account is denied for insufficient funds, for each occurrence we may charge you a Non-Sufficient Funds Fee.
<u>Facility Design Fee</u>	<u>\$99/hr for approximately 8 hours</u>	<u>As incurred</u>	<u>Once you have received all clearances for construction of your Escapology facility, we will provide you with all that is required to ensure you have the correct layouts for customer flow.</u>

Type of Fee	Amount	Due Date	Remarks
<u>Technician fee (game tech support)</u>	\$99/hr	<u>As incurred</u>	<u>Payable to us. This is a tech service that is available upon request - when franchisees require assistance with game tech/repairs post game installation and are not able to troubleshoot/repair items themselves. We provide this as a service as needed and it is carried out by our tech/game team.</u>
Relocation Fee <sup>10</sup> <u>Fee<sup>11</sup></u>	\$5,000	As incurred	Payable to us upon submitting your request to relocate. See note 10
Venue Expansion Fee	\$5,000	As incurred	Payable to us upon submitting your request to expand your location. This also includes any expansion of games offered at your location if increased.
Successor Agreement Fee	\$5,000	Before signing successor agreement	Payable to us. See Item 17.
Transfer Fee	\$5,000	Before we approve the transfer	Payable to us. This should be paid to us at least 30 days prior to the effective date of the transfer to cover our costs in evaluating and ensuring training of the proposed transferee, as well as effecting the transfer. See Item 17

Type of Fee	Amount	Due Date	Remarks
Additional Training <sup>14</sup> <del>Training</del> <sup>12</sup>	<p>Our then-current training fee, currently \$500 per person, per day.</p> <p>You pay all travel and other related expenses incurred by you and your personnel to attend training.</p>	As incurred.	Payable to us. See note 11
Remedial Training Fee	<p>Our then-current trainer per diem rate, plus expenses</p> <p>Current rate = \$500</p>	As incurred.	<p>We may impose this fee, payable to us, if you request additional training at your premises, or if you are operating below our standards and we require you to have additional training. You must also pay all costs of our trainer, which include but are not limited to, airfare, transportation, hotel and meals.</p>
Interim Management Support Fee <sup>5</sup> <del>Fee</del> <sup>13</sup>	<p>Our then-current per diem rate for on-site management, plus expenses</p> <p>Current rate = \$2,000 per week</p>	As incurred.	<p>We may impose this fee (in addition to all regularly occurring fees such as the Continuing Royalty Fee), payable to us, if we provide on-site management of your Franchised Business.</p>
Lost Operations Manual Fee	\$2,000	As incurred	Payable to us. You must have our complete Operations Manual at all times

Type of Fee	Amount	Due Date	Remarks
Examination of Books and Records	Cost of examination plus related expenses.	As incurred.	We have the right under the Franchise Agreement to examine your books, records and tax returns. If an examination reveals that you have understated any Gross Sales, you must pay us the owing Royalty with interest, and if there is an understatement of 2% or more, you must pay to us the cost of the audit and all travel and related expenses.
Lease Assistance Fee <sup>12</sup> Fee <sup>14</sup>	All costs incurred plus all reasonable expenses, including travel costs, lodging, per diem	As incurred.	Payable to us.
Cost to Cure Lease Defaults <sup>13</sup> Defaults <sup>14</sup>	Our cost	As incurred	Payable to us
Cost of Evaluating Proposed Suppliers <sup>14</sup> Supplier <sup>15</sup>	Our cost	As incurred	Payable to us. See note 14
Email Address and Google App Fee <sup>15</sup>	<del>Our then-current Email Fee</del> Currently \$10 per email address per month	Monthly	<del>See note 15.</del>
Booking and Point of Sale Platform Fee	Currently \$149	Monthly	Payable to us for use of the then-current booking platform
Facility Design Fee	Our then current Facility Design Fee Currently \$199 per hour	As Incurred	Payable to us to be used to help in the design of your Escapology Facility.

Liquidated Damages	Amount of loss or damages plus costs	As incurred	Payable to us in the event your Franchise Agreement is terminated due to your default
Indemnification <sup>16</sup>	Amount of loss or damages plus costs	As incurred.	See note 16
Reimbursement of Cost and Expenses for Non-compliance <sup>17</sup>	Actual costs and expenses	As incurred.	Payable to us. See note 17.
Taxes	Amount of taxes	When incurred.	You must reimburse us for any taxes that we must pay to any taxing authority on account of either the operation of your Franchised Business or payments that you make to us, including, but not limited to any sales taxes or income taxes imposed by any authority.
Reimbursement of legal fees and expenses	Our costs and expenses, including but not limited to attorneys' fees, incurred due to arbitration, other legal proceedings or your failure to pay amounts when due or failure to comply in any way with the Franchise Agreement	As incurred	Payable to us.
Insurance Reimbursement	Amount paid by us for your insurance obligations.	As incurred	You must reimburse us for any insurance costs and other fees we incur due to your failure to meet the insurance obligations required by the Franchise Agreement.

All fees and expenses described in this Item 6 are nonrefundable and are uniformly imposed. Except as otherwise indicated in the preceding chart, we impose all fees and expenses listed and you must pay them to us.

<sup>1</sup> Gross Sales includes all sales of every kind and nature at or from your Franchised Business location or made pursuant to the rights granted to you by the Franchise Agreement including all booking fees, regardless of whether you have collected the amount of the sales. "Gross Sales" does not include (a) any sales tax or similar taxes collected from customers and turned over to the governmental authority imposing the tax, (b) properly documented refunds to customers, and (c) properly documented promotional discounts (i.e. coupons). If we do not receive such a report from you within those 5 working days, we will send you an email with our system report of the total number of reservations for that month and the amount that will be invoiced. You will have 48 hours to respond to this email - you can comply with it or send us an adjusted report. After the 48 hours (2 working days) expire, we will send you the invoice with a due date of two weeks (10 working days.) Interest and late fees will apply to any late payments or electronic funds transfer requests denied due to insufficient funds. The term "Gross Sales" includes the aggregate amount of all revenue in accordance with the accounting practices and procedures as specified by us, and all other receipts of any kind you derive directly or indirectly from the operation of the Business.

<sup>2</sup> Beginning in the twelfth (12) month following signing the Franchise Agreement and regardless if your Escapology is open for business or not, you must pay the minimum service fee of \$1,000 per month, and the monthly count for ramp-up of the minimum fee will continue from that month; e.g., to \$2,000 per month in the thirtieth (30th) month after signing of the Franchise Agreement, and to \$3,000 per month in the forty-eighth (48th) month after signing the Franchise Agreement. The invoice for your Royalty will be sent to you at the end of each month for the concluded month.

<sup>3</sup> Prior to licensing a Licensed Game to you, we will inform you of the current per person fee for such Licensed Game. Currently, there is the fee for each person who plays any Licensed Game ranges from a low of \$1.50 per person to a high of \$3.50 per person. We may increase this fee with regard to any Licensed Game on ninety (90) days' notice to you.

<sup>4</sup> Your initial franchise fee includes ~~five (5)~~ eight (8) games. Franchisee may from time-to-time order new games from Escapology's game catalogue. Franchisee shall be charged a fee of \$5,000 per new game ordered, as well as be responsible for the costs of tangible materials, such as props and construction that may be necessary for implementation of the game in your Escapology Facility. Escapology will provide, with each new game, a game manual and inventory of materials and props necessary for the game, a CAD layout of the room, a 3-D room layout design, associated video to introduce the game, countdown clock video, a soundtrack, and promotional materials to be localized to the market by Franchisee.

<sup>5</sup> We require you to pay us a minimum of \$5,000. If you require extra time in order to establish your Franchised Location and commence business, you must request an extension from us. Upon granting your extension, you must pay us the then-current Extension fee. Currently, our Extension Fee is equal to \$5,000. The length of the extension is granted on a case-by-case basis and will be determined by us upon granting your extension.

<sup>6</sup> We require you to pay between \$849-\$1,299 per month for use in implementing a digital promotional program for your Escapology Facility, including management of social media, search engine optimization, email campaigns and miscellaneous digital marketing activities conducted by us on your behalf. The amount is the current minimum monthly fee, you will pay will be based on your facility's needs and we may increase the mandatory monthly minimum amount once annually on 30 days' notice by 3% or by the percentage increase in the U.S.

Consumer Price Index ("CPI"), whichever is greater, and if we do not increase the mandatory minimum for several years then we may implement an increase on an aggregate basis.

~~6-We<sup>7</sup> We will require you to pay a Technology Fee to cover the costs of us providing you with services which may include POS System, email accounts, Internal CRM, Social Sentiment Tracking, and In-Venue Music. We may add or remove services to the be covered by the Technology Fee.~~

<sup>8</sup>We require you to pay us an Innovation Fee equal to 2% of Gross Revenue. We use these fees to plan and implement innovations, marketing, and promotional plans for the benefit of all Escapology Facilities, including the development of new Games to keep the Facilities fresh and interesting to encourage return visits by prior customers.

<sup>9</sup> We may require you to attend a national business meeting or convention for up to three (3) days per year for which you may have to pay our then-current fee. As of the date of this Franchise Disclosure Document, this fee is \$500 per attendee. Escapology reserves the right to change this fee at any time. You will bear all costs, such as travel and accommodation, for attending these events.

<sup>10</sup> If you are past due on the payment of any amount you must pay interest on the past due amount at an annual rate equal to the highest rate allowed by law or, if there is no maximum rate permitted by law, eighteen percent (18%).

<sup>11</sup> If you request our approval to relocate your business and we agree, you must pay this fee to us prior to your relocation to defray our costs of updating documentation, reviewing new sites, and editing our website and advertising materials. You will be charged a \$5,000.00 upon the application for relocation.

<sup>12</sup> For the initial training, which currently takes place at Escapology's Orlando location, training for three individuals is included in the initial franchise fee, and Escapology will charge our then current training fee for additional trainees, currently set at \$500 per person per day (est. 45 days, so ~~\$2,000~~500 per additional attendee), due ten (10) days prior to training, Franchisee is also responsible for paying all travel, living, compensation, or other expenses incurred by the Franchisee and Franchisee's employees in connection with the training provided at the Escapology training facility Escapology reserves the right to change this fee or venue at any time.

<sup>13</sup> If you request to consult with us regarding the negotiation of your lease, beyond our site selection assistance promised as part of our pre-opening services, then you must pay all costs incurred plus all reasonable expenses, including travel costs, lodging, per diem and other costs. We do not provide legal advice in any consultation or otherwise.

<sup>14</sup> If you default on your lease and we cure your default, you shall be required to reimburse us for our costs, including attorneys' fees and court costs if any, and to do so upon our demand.

<sup>15</sup> If we incur any costs in evaluating a supplier you propose or its product or service, we may require you to pay those costs.

~~15 For each Escapology email address and Google App, we require our then current monthly use fee. Currently the fee is \$10 per email address per month. Escapology reserves the right to change this fee at any time.~~

<sup>16</sup> You must indemnify and hold us, our affiliates, and all of our respective officers, directors, agents and employees harmless from and against any and all claims, losses, costs, expenses, liability and damages arising directly or indirectly from, as a result of, or in connection with your business operations under the Franchise Agreement, as well as the costs, including attorneys' fees, of defending against them.

<sup>17</sup> If you fail to do so, in our sole discretion, we may correct any deficiency in the Franchised Business and/or your operation of the Franchised Business or take steps to modify, alter or de-identify the Franchised Location upon the termination or expiration of the Franchise Agreement. You will reimburse us for our costs and expenses incurred to correct any deficiency or to modify, alter or de-identify the Franchised Business location including but not limited to attorneys' fees, incurred for your failure to pay amounts when due or failure to comply in any way with the Franchise Agreement.

**ITEM 7: ESTIMATED INITIAL INVESTMENT**

**YOUR ESTIMATED INITIAL INVESTMENT**

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is Made
Initial Franchise Fee <sup>1</sup>	<del>\$37,500</del> <u>45,000</u> 0	Lump sum payment by wire or ACH	Upon signing the Franchise Agreement.	Us
<del>Licensed</del> <u>Additional</u> Game Fee <sup>2</sup>	\$0 to \$5,000	Lump Sum	Upon signing the Franchise Agreement	Us
Initial Training Expenses <sup>3</sup>	\$1,000 to \$9,500	As incurred	Before Opening	Suppliers of transportation, lodging & meals
Grand Opening Advertising <sup>4</sup>	\$5,000 to \$15,000	As incurred	Before opening	Suppliers
Real Estate Rent <sup>5</sup>	\$4,667 to \$70,000	As incurred	Upon signing lease	Landlord, real estate brokers
Utilities	\$1,500 to \$8,000	As required	As required	Suppliers, Providers,
Utility Deposits <sup>6</sup>	\$1,000 to \$3,000	As incurred	Before Opening	Suppliers, Providers
Leasehold Improvements <sup>7</sup>	\$50,000 to <del>\$500</del> <u>750,000</u>	As incurred	Before Opening	Vendors
Game Installation	<del>\$50</del> <u>150,000</u> to <del>\$500</del> <u>750,000</u>	As incurred	Before Opening	Vendors
Permits, Licenses <sup>8</sup>	\$7,000 to <del>\$20</del> <u>30,000</u>	As Incurred	Before opening	Suppliers, Providers,
Professional Fees <sup>9</sup>	\$5,000 to <del>\$20</del> <u>30,000</u>	As incurred	As incurred	Suppliers, Providers,
Signage <sup>10</sup>	<del>\$2</del> <u>7,500</u> to <del>\$25</del> <u>35,000</u>	As incurred	Before opening	Suppliers

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is Made
Furniture, Fixtures, Equipment <sup>11</sup>	\$30,000 to \$150,000	As incurred	Before opening	Suppliers
Office Equipment and Supplies <sup>12</sup>	\$1,000 <del>to</del> \$5,000	As incurred	Before opening	Suppliers
Dues and Subscriptions <sup>13</sup>	\$1,000 to \$3,000	As incurred	As incurred	Suppliers
Insurance <sup>14</sup>	\$8,000 to \$25,000	As incurred	Before Opening	Suppliers, Providers,
Operating Expenses/Additional Funds – 3 months <sup>15</sup>	\$44,500 to \$75,000	As incurred	Weekly payroll, other purchases according to agreed-upon terms	Employees, utilities, suppliers, etc.
<b>TOTALS: <del>\$249,362,667</del> - <del>\$1,468,300</del> <u>\$33,500</u></b>				

### Your Estimated Initial Investment (Multi-Unit)

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is Made
Development Fee <sup>1</sup>	<del>\$50</del> <u>\$15,000</u>	Lump sum payment by wire or ACH	Upon signing the Multi-Unit Development Agreement.	Us
Initial Franchise Fee <sup>1</sup>	<del>\$12,500</del> <u>75,000 to \$300</u> <u>200,000</u>	Lump sum payment by wire or ACH	Upon signing each Franchise Agreement under the Multi-Development Agreement	Us
<del>Licensed</del> <u>Additional</u> Game Fee <sup>2</sup>	\$0 to \$5,000	Lump Sum	Upon signing the Franchise Agreement	Us
Initial Training Expenses <sup>3</sup>	\$1,000 to \$9,500	As incurred	Before Opening	Suppliers of transportation, lodging & meals
Grand Opening Advertising <sup>4</sup>	\$5,000 to \$15,000	As incurred	Before opening	Suppliers
Real Estate Rent <sup>5</sup>	\$4,667 to \$70,000	As incurred	Upon signing lease	Landlord, real estate brokers
Utilities	\$1,500 to \$8,000	As required	As required	Suppliers, Providers,
Utility Deposits <sup>6</sup>	\$1,000 to \$3,000	As incurred	Before Opening	Suppliers, Providers
Leasehold Improvements <sup>7</sup>	<del>\$50</del> <u>\$50,000 to \$75,000</u>	As incurred	Before Opening	Vendors
Game Installation	<del>\$50</del> <u>\$15,000 to \$75,000</u>	As incurred	Before Opening	Vendors
Permits, Licenses <sup>8</sup>	\$7,000 to <del>\$20</del> <u>\$30,000</u>	As Incurred	Before opening	Suppliers, Providers,
Professional Fees <sup>9</sup>	\$5,000 to <del>\$20</del> <u>\$30,000</u>	As incurred	As incurred	Suppliers, Providers,
Signage <sup>10</sup>	<del>\$2</del> <u>\$7,500 to \$35,000</u>	As incurred	Before opening	Suppliers
Furniture, Fixtures, Equipment <sup>11</sup>	\$30,000 to \$150,000	As incurred	Before opening	Suppliers
Office Equipment and Supplies <sup>12</sup>	\$1,000 <del>to</del> \$5,000	As incurred	Before opening	Suppliers
Dues and Subscriptions <sup>13</sup>	\$1,000 to \$3,000	As incurred	As incurred	Suppliers
Insurance <sup>14</sup>	\$8,000 to \$25,000	As incurred	Before Opening	Suppliers, Providers,

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is Made
Operating Expenses/Additional Funds – 3 months <sup>15</sup>	\$44,500 to \$75,000	As incurred	Weekly payroll, other purchases according to agreed-upon terms	Employees, utilities, suppliers, etc.
<b>TOTALS: \$374,362,667 - \$1,783,103,500</b>				

<sup>1</sup> Please see Item 5 for information on incentive programs that may offer a discount on the Initial Franchise Fee. The amount stated in the Single Unit Table is for one outlet operated pursuant to a single Franchise Agreement. If you sign the Multi-Unit Development Agreement, you will pay a Development Fee based upon the number of Escapology outlets you agree to develop. The amount stated in the Multi-Unit Table assumes you will develop the minimum of three (3) ~~Escapology outlets~~ and a maximum of eight (8) Escapology outlets. Along with paying the Development Fee under our Multi-Unit Development Agreement, you will be responsible for paying an initial franchise fee for each unit you sign for.

<sup>2</sup> ~~From time to time we create Licensed Games~~ will request you to add additional games to your Franchised Business before opening as more fully described in Item 5. You may be required to pay additional initial and ongoing fees to install and present Licensed additional Games at your Escapology facility. Under either Option A or Option B, if we require you to, or you choose to, purchase a Licensed Game, you You will be required to pay the ~~Licensed~~ Additional Game Fee at the same time as your initial franchise fee. The ~~Licensed~~ Additional Game Fee is fully earned by us when paid and is not refundable. The high value represents the cost for a single ~~Licensed~~ Additional Game, ~~which is the maximum amount however we can~~ may require you to purchase, although you may choose to purchase more than one Licensed Game ~~game and you may request additional games as well.~~

<sup>3</sup> The chart estimates the costs for transportation, lodging, and meals for our team. These incidental costs are not included in the initial franchise fee. Your initial franchise fee payment entitles you to training for your manager and up to two (2) additional people prior to the opening of your facility, and this estimate assumes you will not send more than 3 individuals to training in Orlando. We anticipate that the training program will be for ~~four (4)~~ five (5) days, with an average of eight (8) hours of instruction per day. In addition, we will provide an Escapology Game Master to help with installation and setup for up to five (5) days at your own Escapology facility. Your costs will depend on the number of people, their point of origin, method of travel, and living expenses. The duration of the training program is approximately one week. This estimate does not include employee wages. You must pay all reasonable expenses, including travel costs, lodging, per diem and other costs, incurred by the Escapology Game Master for assisting with installation and setup.

<sup>4</sup> This figure estimates the amounts that you will spend on marketing and promotions upon opening your business. As at the date this Disclosure Document was issued, you must spend at least \$5,000 on grand opening advertising during the first three (3) months you operate your Escapology facility. You may choose to spend more. Factors that may affect the actual amount you spend include the type of media used, the size of the area you advertise to, local media cost, location of your Escapology facility, time of year and customer demographics in the surrounding area. At least thirty (30) days prior to the projected opening date you must provide us with a grand opening proposal and proposed costs. Within six (6) months of the opening date of your Escapology facility you must provide us with a report of your grand opening

expenditures:

<sup>5</sup> You must lease or otherwise provide a suitable facility for the operation of your Escapology facility. Each Escapology game room is approximately two hundred ~~twenty-five (225) to three hundred (300)~~forty (240) square feet. Typically, an Escapology facility with five (5) to eight (8) Games will range in size from 2,800 to 5,000 square feet. It is difficult to estimate rental costs, which may vary based upon square footage, cost per square foot and required maintenance costs. The estimated cost range includes the costs of renting the facility for one (1) month and your costs to enter into a lease agreement including the first month's rent and a security deposit equal to one month's rent. Estimated rental costs for an additional two (2) months are included under the category "Additional Funds.". We cannot estimate the cost to purchase a suitable facility.

<sup>6</sup> Utility providers set the amounts of the utility deposits. A credit check may be required by the issuing utility company prior to the initiation of services, or a higher deposit required for first time customers. These costs will vary depending on the type of services required for the facility and the municipality or utility provider from which they are being contracted. We have based our estimate on the experiences of our affiliate. The figures in the chart include deposits that may be refundable to you at a later time. In most cases, your lease will require you to pay electric, gas, water, and other utilities directly; however, some landlords cover some utility charges through operating fees.

<sup>7</sup> You will need to convert an existing facility into an Escapology facility, or you will construct improvements to, or "build out", the premises at which you will operate your Escapology facility. You must perform the conversion, construction and/or build-out in accordance with our standards and specifications. These improvements may include, for example, wiring, flooring, sheetrock, plumbing, paint, HVAC, lighting, millwork, and décor items. Costs are likely to vary depending upon the size, location, configuration, installation costs, and overall condition of the premises, and may be much higher if you already have or wish to establish your Escapology facility in an area where special requirements of any kind (e.g., historical, architectural, or preservation requirements) will apply.

<sup>8</sup> This is an estimate of the costs of building permits, sign permits and a certificate of occupancy for your premises. Not all locations will require all of these permits, depending on the prior use of the premises and the requirements of local ordinances. This estimate also includes the cost of a local business license. The costs of permits and licenses will vary by location. We cannot estimate the cost of this license because requirements and fees vary widely. Please contact your local governing agency for this information.

<sup>9</sup> You may incur professional fees depending on the scope of work performed, which may include, legal and accounting fees to review franchise documents and costs of forming a separate legal entity and/or obtaining zoning approval. This list is not exhaustive. This amount will vary greatly depending on your specific needs and location. We strongly recommend that you seek the assistance of professional advisors when evaluating this franchise opportunity, this disclosure document and the Franchise Agreement. It is also advisable to consult these professionals to review any lease or other contracts that you will enter into as part of starting your franchise.

<sup>10</sup> This range includes the cost of all signage used in your Escapology facility. The signage requirements and costs may vary based upon the size and location of your Escapology facility, local zoning requirements, landlord requirements and local wage rates for installation, among

other things.

<sup>11</sup> This item includes all furniture's, fixtures, equipment, cash register, camera system, audio & visual equipment and décor needed to open and operate an Escapology outlet. You are required to furnish your Franchised Business in accordance with our specifications and standards, as well as the needs of your outlet and personnel. In addition to meeting our specifications for signage, you must comply with the local ordinances and restrictive covenants applicable to your Franchised Business.

<sup>12</sup> You must purchase general office supplies including stationery, business cards and typical office equipment. This estimate includes your costs to purchase a personal computer system (if you do not already have one), the point-of-sale system and online game booking software described in Item 11 below. Factors that may affect your cost of office equipment and supplies include local market conditions and competition among suppliers, among other things.

<sup>13</sup> You may have to purchase subscriptions to be a member of local trade or tourism organizations.

<sup>14</sup> Before you open for business, you must purchase and maintain at your sole cost and expense the insurance coverage that we specify and must name us and our respective officers, directors, partners, agents and employees as additional insured parties. Insurance costs and requirements may vary widely in different localities. The estimate represents the cost of the semi-annual premium of the required minimum coverage.

<sup>15</sup> **This** is an estimate of the amount of additional operating capital that you may need to operate your Franchised Business during the first three months after commencing operations. We cannot guarantee that you will not incur additional expenses in starting the business that may exceed this estimate. This estimate includes such items as rent, utilities, internet service, initial payroll and payroll taxes, software fees, technology fees, local advertising expenses, repairs and maintenance, bank charges, initial staff recruiting expenses, and other miscellaneous items. These estimates do not include any compensation to you, nor do they include debt service. These items are by no means all-inclusive of the extent of possible expenses.

We relied upon the experience of our affiliate-owned Escapology outlets to compile these estimates. You should review these figures carefully with a business advisor before making any decision to invest in the franchise. These figures are estimates and we cannot guarantee that you will not have additional expenses starting your Franchised Business. ~~Your additional costs will depend on factors such as how closely you follow our methods and procedures; your management skill, experience, and business acumen; local economic conditions; the local market for our service; competition; and the sales level reached during your initial period.~~ We estimate that a franchisee can expect to put additional cash into the business during at least the first three to six months, and sometimes longer.

We do not offer financing for any part of the initial investment.

All fees and payments are non-refundable, unless otherwise stated or permitted by payee.

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

We have identified various suppliers, distributors and manufacturers of equipment, inventory, and services that your Franchised Business must use or provide which meets our standards

and requirements. You must purchase all equipment, fixtures, inventory, supplies and services from our designated suppliers and contractors or in accordance with our specifications.

Our affiliate is one of the approved suppliers of props and other tangible personal property used in Live Escape Games to the Escapology system. In our last fiscal year ending on December 31, ~~2023~~2022, our affiliate's revenues from the sale of such items to our franchisees was \$ ~~932,255~~1,314,000.

We approve suppliers after careful review of the quality of the products they provide to us and you. If you would like us to consider another item or supplier, you must make such request in writing to us and have the supplier give us samples of its product or service and such other information that we may require. If the item and/or supplier meet our specifications, as we determine in our sole discretion, we will approve it as an additional item or supplier. We will make a good-faith effort to notify you whether we approve or disapprove of the proposed item or supplier within 30 days after we receive all required information to evaluate the product or service. If we do not approve any request within 90 days, it is deemed unapproved. We reserve the right to revoke approval of any item or supplier that does not continue to meet our then-current standards. Our criteria for approving items and suppliers are not available to you. Along with your written request that we approve a proposed item or supplier, you must pay an evaluation fee equal to our costs to evaluate the proposed item or supplier, this includes but is not limited to our costs for time, testing and travel if required.

We maintain written lists of approved items of equipment, fixtures, inventory and services (by brand name and/or by standards and specifications) and a list of designated suppliers and contractors for those items. We update these lists periodically and issue the updated lists to all franchisees.

For the first three (3) years of your operation of an Escapology franchise, you are under no obligation to purchase and operate additional Live Escape Games beyond the ~~five (5)~~eight (8) included as part of the initial franchise fee. If you choose to purchase any additional Live Escape Games, you must purchase them from us. We are the only approved supplier of Live Escape Games to the Escapology system. When you install a new Game in your Escapology Facility, you must pay us \$5,000 per game. ~~Beginning in the 4th year of your agreement term, you must purchase a new Live Escape Game from our library at our then-prevailing cost every other year.~~ During our last fiscal year, our revenues from licensing new Games to franchisees as of December 31, ~~2023~~2022 were \$~~49,500~~31,750.

We reserve the right to sell proprietary products to franchisees, or to suppliers for resale to Escapology franchisees, and to receive revenue from these sales. We also have the right to receive revenues or rebates from suppliers on account of other purchases or leases by franchisees. During our fiscal year ended December 31, ~~2023~~2022 we had a total revenue of \$~~2,852,603~~4,032,993 of which \$~~17,216~~0 (or ~~less than 10%~~) was from rebates from third party suppliers received by our franchisees.

We estimate that your purchase or lease of products, supplies and services from approved suppliers (or those which meet our specifications) will represent approximately 85% of your costs to establish your Franchised Business and approximately 25% of your costs for ongoing operation.

During ~~2023, 2022~~ we received ~~\$498,642,906,885~~ in revenue from franchisees for our provision of internet and social media marketing services, and we incurred ~~\$325,962,769,607~~ in costs in providing those marketing services.

Currently, there are no purchasing or distribution cooperatives. However, we can require that you make your purchases through a cooperative if one is formed.

From time to time, we may negotiate purchase arrangements, including price terms, with designated and approved suppliers on behalf of all franchisees. As of the date of this Disclosure Document, we have not created any purchasing arrangements with suppliers.

We

provide no material benefits (such as the grant of additional franchises) based on your use of designated sources; however, failure to use approved items or designated suppliers and contractors may be a default under the Franchise Agreement. Additionally, when there is any default under the Franchise Agreement, we reserve the right, in addition to other remedies available under the Franchise Agreement, to direct suppliers to withhold furnishing products and services to you.

### **Insurance**

You must purchase and maintain in effect during the term of the Franchise Agreement the type and amount of insurance we specify. As of the date this Franchise Disclosure Document was issued, the types and amounts of coverages that you must obtain include the following:

- (1) comprehensive general liability insurance in the minimum amounts of \$1,000,000 per occurrence and \$2,000,000 in the aggregate;
- (2) statutory workers' compensation insurance and employer's liability insurance;
- (3) property insurance at replacement value and any other insurance (including build out insurance) as may be required under the lease for the premises of your Escapology facility;
- ~~(4) excess liability coverage (i.e., umbrella) in the minimum amounts of \$1,000,000 per occurrence and \$2,000,000 in the aggregate; and~~
- ~~(5)~~(4) any other insurance coverage that is required by federal, state, or municipal law.

Your insurance provider must have a Financial Size Category equal to or greater than IX and a Policyholders Rating of "A+" or "A", as assigned by Alfred M. Best and Company, Inc. Your insurance policies must name us as an additional insured and/or loss payee. The required coverage is subject to change including such other limits and coverage as we may periodically require.

None of our officers own an interest in any of the suppliers except us.

We provide no material benefits (such as the grant of additional franchises) based on your use of designated sources; however, failure to use approved items or designated suppliers and contractors may be a default under the Franchise Agreement. Additionally, when there is any default under the Franchise Agreement, we reserve the right, in addition to other remedies available under the Franchise Agreement, to direct suppliers to withhold furnishing products and services to you.

We estimate that the required purchases and leases described in this Item will constitute approximately 75% or more of all purchases and leases you will incur to establish and operate your Escapology facility.

**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 or Article in Franchise Agreement	Section or Article in the Multi-Unit Development Agreement	Item in Franchise Disclosure Document
a. Site Selection and Acquisition/Lease	8.1	Not Applicable	11
b. Pre-Opening Purchase/Leases	8.3, 12.3.1	Not Applicable	7, 11
c. Site Development & other Pre-Opening Requirements	8.2, 8.3, 12.1.1, 12.1.3	Article 5	11
d. Initial and Ongoing Training	Article 7	Not Applicable	11
e. Opening	8.2.3, 8.3	Not Applicable	11
f. Fees	5.1, 5.2.7, Article 6, 9.4, 9.5.2, 12.3.7, 12.6, 15.6, 16.4, 18.1.4, 18.1.5, 18.1.8	Article 4	5, 6, 7
g. Compliance with Standards and Policies/Operating Manual	Article 9, 12.1, 19.1.1	Not Applicable	8, 11
h. Trademarks and Proprietary Information	9.4, 12.1.8, Article 14, 19.2, 19.3, 19.4	Not Applicable	13, 14

Obligation	Section or Article in Franchise Agreement	Section or Article in the Multi-Unit Development Agreement	Item in Franchise Disclosure Document
i. Restrictions on Products/Services Offered	12.1.1, 12.1.4, 12.6	Not Applicable	8
j. Warranty and Customer Service Requirements	Not Applicable	Not Applicable	Not Applicable
k. Territorial Development	13.2	Article 5	12
l. Ongoing Product/Service Purchases	12.1.4, 12.3.5	Not Applicable	8
m. Maintenance, Appearance and Remodeling Requirements	Article 9, 12.1.1, 12.1.2	Not Applicable	Item 11
n. Insurance	Article 15	Not Applicable	7
o. Advertising	12.1.9, Article 13	Not Applicable	6, 11
p. Indemnification	15.6, 16.3.6, 21.1	Article 9	14
q. Owner's Participation, Management, Staffing	11.1, 11.4, 12.1.6	Not Applicable	11, 15
r. Records /Reports	12.2	Not Applicable	6
s. Inspections and Audits	9.2, 12.1.7, 12.2.5	Not Applicable	6, 11
t. Transfer	Article 16	Article 6	17
u. Renewal	Article 5	Not Applicable	17
v. Post-Termination Obligations	Article 18	Section 7.4	17
w. Non-Competition Covenants	19.5	Article 8	17
x. Dispute Resolution	Article 20	Article 10	17
y. Guaranty	11.3, Attachment 8	Not Applicable	

**ITEM 10: FINANCING**

We do not offer direct or indirect financing. We do not guarantee any note, lease, or obligation on your behalf.

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

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

**1. Pre-Opening Obligations**

Before you open your Franchised Business Escapology facility, we will:

- a. We will provide you with site selection guidelines and approve a location for your Franchised Business. Within 60 days of signing the Franchise Agreement, you must submit a written request for approval to us describing the proposed location and providing other information about the site that we reasonably request. We will respond within thirty business days, either accepting or rejecting the proposed location. We consider the following factors in approving a site: general location and neighborhood, distance from neighboring franchise territories, proximity to major roads and residential areas, traffic patterns, condition of premises, tenant mix, and demographic characteristics of the area. If you do not identify a site that meets our approval within 60 days of signing the Franchise Agreement and obtain possession of the site within 180 days of our approval, we reserve the right to terminate the Franchise Agreement. We will not own and/or lease a site to you. You are responsible for negotiating a lease with the owner of a site we approve. (Franchise Agreement, Sections 8.1.2, 8.1.3 10.1).
- b. We will provide you with specifications for the layout, design, appearance, and signage for your Franchised Business. You, your architect, and your contractor are required to adapt our specifications for the construction of your premises and obtain permits. We do not adapt plans or obtain permits for you. (Franchise Agreement, Sections 8.2.2, 10.2).
- ~~e.~~ c. We will provide you with a selection of Live Escape Games which you can choose to install at your Escapology facility. You will be given up to ~~five~~ eight (8) escape games as part of your initial franchise fee. We may permit you to install additional Licensed Game at your Escapology facility for which you will be charged a fee of \$5,000. If you require additional escape games from our game library at any time you will be charged a game fee of \$5,000 for each additional game to be installed at your Escapology facility. With each game you select we will provide you with: (i) a game introduction video and safety briefing; (ii) a clock countdown video with game soundtrack; (iii) a Game manual with a full list of the inventory required to build and set up that game, instructions how to set up the clues and puzzles; (iv) promotional materials such as banners and artwork to localize in your area; (v) a CAD drawing layout of the room, and (vi) a 3-D room layout design. As a new franchisee, we also will provide you with consulting advice on how to layout, set up and implement the Games you selected for opening upon request. (See Franchise Agreement, Section 3). We require a minimum of five game rooms be installed/approved/certified prior to granting approval for your location opening.
- d. We will loan to you our operations manual, other manuals and operating materials we designate, as they may be available and revised from time to time. (Franchise Agreement, Section 10.3).

- e. We will provide a written list of equipment, fixtures, furnishings, signage, supplies and products that will be required to open the Franchised Business. We and our affiliates are not obligated to install any of these items; (Franchise Agreement, Section 10.5).
- f. We will provide initial training at our headquarters and/or affiliate-owned outlet. We reserve the right to designate an alternative location for the initial training. We will determine, in our sole discretion, whether you satisfactorily complete the initial training; (Franchise Agreement, Sections 7.1, 7.2).
- g. We will provide a trainer at your premises for on-site training, supervision and assistance for two days per escape room upon the opening of your Franchised Business. You will pay for ~~the~~ our representatives travel costs. The current estimated cost is Five Hundred dollars (\$500.00). Your costs will depend on the number of people, their point of origin, method of travel, and living expenses. We cover only the wages of the trainer(s.) (Franchise Agreement, Section 7.3).
- h. We will provide you with standards for qualifications and training of your employees. We do not otherwise assist you with employee hiring and training (Franchise Agreement, Section 12.1.6).
- i. ~~subject~~ Subject to applicable law, we will recommend minimum and maximum prices for products and services at your Franchised Business (Franchise Agreement, Section 12.5).

## 2. **Time to Open**

We estimate the typical length of time between the signing of the Franchise Agreement and the time you open your Franchised Business is between nine (9) to twelve (12) months. Factors that may affect this time period include your ability to acquire financing or permits, build out of your location, have signs and equipment installed in your location, and completion of required training. You must find a site that we accept within 90 days of signing the Franchise Agreement, and in all cases you must commence operations within twelve months of the time you obtain possession of your premises. If you have not opened your Franchised Business within twelve months after you sign the franchise agreement, you must obtain our consent to extend the time to open, which we may or may not grant, at our discretion. Failure to open your Franchised Business within the original time as extended, is a default of the Franchise Agreement. (Franchise Agreement, Sections 8.1, 8.3).

## 3. **Obligations After Opening**

During the operation of your franchise, we will:

- a. We will offer from time to time, in our discretion, mandatory or optional additional training programs, including an annual business meeting or convention. If we require it, you must attend an annual business meeting or convention for up to five days and mandatory additional training offered by us for up to five days per year. Failure to attend mandatory additional training or an annual business meeting or conference is a default of the Franchise Agreement. We reserve the right to impose a reasonable fee for tuition and/or attendance for all additional training programs, including the annual business meeting or conference. You must also pay your transportation, lodging, meals and other expenses to attend any mandatory training program. If you fail to attend any mandatory training

program, you are required to obtain the training at a location we designate, at your sole cost, which includes tuition at the then-current rate, plus all of your travel costs and our trainer's travel costs (Franchise Agreement, Section 7.4).

- b. ~~upon~~Upon your request, or as we determine to be appropriate, we will provide remedial on-site training and assistance at your premises. For any on-site remedial training, you must reimburse all costs for the services of our trainer, including but not limited to the trainer's then-current per diem fee and all travel-related expenses, such as transportation, meals and lodging. The current fee is \$500 per trainer per day of on-site training (Franchise Agreement, Section 7.5).
- c. ~~upon~~Upon your request, we will provide individualized assistance to you within reasonable limits by telephone, video conferencing, electronic mail or postage service, subject at all times to availability of our personnel and in reasonable limits (Franchise Agreement, Section 7.6).
- d. ~~from~~From time to time, as may become available, we will provide you with samples or digital artwork, advertising and promotional materials (Franchise Agreement, Section 10.6).
- e. We will conduct inspections of your Franchised Business, at the frequency and duration that we deem advisable. Such inspections include evaluating your Escape Rooms, services and premises to ensure that they meet our standards (Franchise Agreement, Section 9.2, 10.4).
- f. We will provide you with any written specifications for required equipment, products and services and updated lists of any approved suppliers of these items (Franchise Agreement, Section 10.7).
- g. ~~subject~~Subject to applicable law, we will recommend minimum and maximum prices for products and services at your Franchised Business (Franchise Agreement, Section 12.5).
- h. We will approve or disapprove of all advertising, direct mail, and other promotional material and campaigns you propose in writing to us. We will respond within ten business days, either accepting or rejecting the proposed material and/or campaign; however, if we do not respond within ten business days, the proposed material and/or campaign is deemed "disapproved". (Franchise Agreement, Section 13.6).

#### 4. **Advertising**

##### **Managed Marketing Program (Franchise Agreement, Section 13.1)**

Franchisees are required to participate in our Managed Marketing Program. We collect a monthly fee (currently ranging from ~~\$849 - \$1299~~~~-\$1750~~ depending upon service level) for Marketing Management. This fee is paid to our approved marketing agency vendors for management of Paid Social, Paid Search, Email Campaigns, and other Digital Marketing activities managed by the vendor. Additionally, any advertising direct media spend will be charged monthly.

##### **Local Advertising (Franchise Agreement, Sections 13.2 and 13.6)**

We require you to spend at least \$2,000 in grand opening advertising and promotional within the first three months following the opening of your Franchised Business in your territory. Thereafter, you are required to spend at least 3.5% of your Gross Sales per month on local advertising to promote your Franchised Business. Upon our request, you must furnish us with a quarterly report and documentation of local advertising expenditures during the previous calendar quarter. We reserve the right to collect some or all of your grand opening funds and/or your Local Advertising expenditure and implement grand opening campaign activities and/or Local Advertising on your behalf.

You may develop advertising materials for your own use at your own cost, and you may use marketing materials that we may offer to you from time to time. You may not use any advertising or marketing materials, including press releases, unless they have been approved in advance in writing by us, which approval may be withheld in our discretion. We will respond to your request for approval within ten business days; however, if we do not respond within ten business days, the proposed advertising or marketing material is deemed "disapproved".

If feasible, you may do cooperative advertising with other Escapology franchisees in your area, with our prior written approval. You may not maintain any business profile on Facebook, Twitter, Instagram, LinkedIn, YouTube, TikTok or any other social media and/or networking site without our prior written approval.

#### **Innovation Fund** (Franchise Agreement, Section 13.3)

You are required to contribute to the Innovation Fund two percent (2%) of weekly Gross Sales, ~~subject to increases not to exceed six percent (6%) of weekly Gross Sales,~~ generated by your Franchised Business. Your Innovation Fund contribution is collected at the same time and in the same manner as your Royalty. Each Escapology outlet operated by our affiliate or us may contribute to the Innovation Fund, in our discretion, but has no obligation to do so.

The Innovation Fund has been established to support innovations within our escape rooms, brand, and related elements to enhance competitiveness. This includes but is not limited to the development of new game designs, prototyping new games, and acquiring new licensed titles.

Funds from the Innovation Fund will be allocated towards projects and initiatives aimed at enhancing the franchise system's competitiveness. This may include research and development, testing new concepts, acquiring intellectual property rights, and other related activities deemed appropriate by the franchisor.

The franchisor, in consultation with relevant stakeholders, will make decisions regarding the allocation of funds from the Innovation Fund. Franchisees may submit proposals for consideration, and decisions will be made based on factors such as feasibility, potential impact, and alignment with the franchise system's strategic objectives. The Innovation Fund is administered by us. We may use Innovation Fund contributions to pay any and all costs for the development, production and placement of advertising, marketing, promotional and public relations materials and programs. We may also use Innovation Fund contributions to pay any and all costs of marketing seminars and training programs, market research, services of advertising and/or public relations agencies, and website development and maintenance. We may further use Innovation Fund contributions to pay our costs (including salaries of our personnel and other administrative costs) for advertising that is administered by us or prepared by us, as well as for administration and direction of the Innovation Fund.

While there will not be specific updates or audits of the Innovation Fund, the franchisor will provide regular updates on all corporate projects, including those supported by the Innovation Fund.

The Innovation Fund will not be used to defray any of our other general operating expenses. Innovation Fund contributions will not be used to solicit new franchise sales; provided however, we reserve the right to include “Franchises Available” or similar language and contact information in advertising produced with Innovation Fund contributions.

~~The Innovation Fund collects and expends the Innovation Fund contributions for the benefit of the System as a whole. We reserve the right to use the Innovation Fund contributions to place advertising in national, regional or local media (including broadcast, print, or other media) and to conduct marketing campaigns through any channel, in our discretion, including but not limited to, internet and direct-mail campaigns. We have no obligation, however, to place advertising or conduct marketing campaigns in any particular area, including the territory where your Franchised Business is located.~~

The Innovation Fund and its earnings shall not otherwise inure to our benefit except that any resulting technology and intellectual property shall be deemed our property.

We have no obligation to make expenditures that are equivalent or proportionate to your Innovation Fund contribution or to ensure that you benefit directly or pro rata from the production or placement of advertising from the Innovation Fund.

~~An annual unaudited financial statement of the Innovation Fund is available to any franchisee upon written request.~~

~~If we spend more or less than the total of all contributions to the Innovation Fund in any fiscal year, we may carry forward any surplus or deficit to the next fiscal year.~~

During the fiscal year ended December 31, 2023~~2022~~, we expended Innovation Fund Contributions as follows: 100% Research and Development of brand and game enhancements. Although the Innovation Fund is intended to be of perpetual duration, we may terminate it at any time and for any reason or no reason. We will not terminate the Innovation Fund, however, until all monies in the Innovation Fund have been spent for advertising or promotional purposes or returned to contributors, without interest, on the basis of their respective contributions.

### **Regional Advertising** (Franchise Agreement, Section 13.4)

Currently, our System has no regional advertising fund or cooperative. However, we may decide to establish a regional fund or cooperative in the future and your participation may be mandatory, in our sole discretion. A regional cooperative will be comprised of all franchised Escapology in a designated geographic area. Our affiliate-owned outlets may participate in a regional cooperative, in our sole discretion. We will determine in advance how each cooperative will be organized and governed. We have the right to form, dissolve, merge or change the structure of the cooperatives. If a cooperative is established during the term of your Franchise Agreement, you must sign all documents we request and become a member of the cooperative according to the terms of the documents. Currently, there are no governing documents available for your review.

If we establish a regional advertising fund or cooperative, you must contribute amounts equal to your share of the total cost of cooperative advertising.

#### **Advertising Council** (Franchise Agreement, Section 9.7)

We do not have an advertising council composed of franchisees that advises us on advertising policies. The Franchise Agreement gives us the right, in our discretion, to create a franchisee advisory council to communicate ideas, including proposed advertising policies, in an advisory capacity only. If created, we will determine in advance how franchisees are selected to the council, which may include factors such as a franchisee's level of success, superior performance, and outlet profitability. We reserve the right to change or dissolve the council at any time.

#### 5. **Computer Systems** (Franchise Agreement, Section 12.3)

You must purchase and use the computer hardware, sales and scheduling software, point-of-sale system, other operating software, applications, platforms and existing or future technology components we specify from time to time ("Computer System"). We may replace or modify all or components of the Computer System from time to time and you agree to implement our replacements or modifications after you receive notice from us at your expense. We might periodically require you to purchase, lease and/or license new or modified components of the Computer System, and ensure that the Computer System is functioning properly, before your outlet opens. You must pay for all proprietary software, applications or other technology that we, our affiliates or third-party designees license to you and for other maintenance and support services that we, our affiliates or third-party designees provide during the term of your Franchise Agreement.

We or our affiliates may condition your license or use of the proprietary software, applications or other technology that we or our affiliates designate, develop or maintain, on your signing a license agreement or similar document that we or our affiliates approve to regulate your use of, and your respective rights and responsibilities with respect to, such software, applications or other technology.

The Computer System must give us and our affiliates access to all information generated by the Computer System, including pricing and client information for your outlet. At our request, you agree to sign a release with any vendor of our Computer System providing us with unlimited access to your data.

Before opening you must purchase (if you do not already own) a computer and a point-of-sale system that is current at the time of opening and has access to a high bandwidth internet connection and secure access. You are solely responsible for any and all consequences of the Computer System is not properly operated, maintained and upgraded. You are also solely responsible for protecting yourself from disruptions, Internet access failures, Internet content failures, and attacks by hackers any other unauthorized intruders and you waive any and all claims you may have against us as the direct or indirect result of such disruptions, failures or attacks.

Currently, are required to have following hardware and software:

Hardware: General purpose computer for the front desk and back office. High-speed internet and network set up. Game monitoring cameras. Game monitoring computer system. iPads or

tablets for waivers. Point-of-sale system (POS). Currently the POS System is Resova integrated with Clover.

Software: Google Chrome. Google suite (including Google Drive, Google sheets and Google Docs. Game monitoring software, currently this is M3. Booking, payment processing and waiver software, currently this is Resova integrated with ResovaPay.

The cost for purchasing the computer system (if you do not already have a sufficient computer system) is approximately \$4,500 to \$15,000.

We will also have direct access to your computer but have the right to inspect any aspect of your business, including your booking software. There is no limit on our right to access this information. We may use this information for assessing your compliance with the Operation Manual and the Franchise Agreement, as well as for our own statistical, audit and marketing purposes, but will not disclose information about your business to any third parties unless required to do so by law. All email accounts, websites, social media, etc. issued by us remain our property. All emails sent and received through our email accounts may be monitored at any time by us without notice to you or your employees.

We also have the right to inspect your books, records, data and financial statements, which would include accessing the software programs used to compile this information. There is no contractual limit on our right to access this information.

**6. Table of Contents of Operations Manual**

The Table of Contents of our operations manual, current as of the date of this Disclosure Document is attached as Exhibit E. The operations manual has a total of approximately 292 pages.

**7. Training** (Franchise Agreement, Article 7)

You (if the franchisee is an individual) and/or up to two of your owners (if the franchisee is a business entity), must complete our initial training program, to our satisfaction, at least 4 weeks, but no more than 12 weeks, before opening your Franchised Business. We will train you at our headquarters and/or affiliate-owned location in Orlando, Florida or another location we specify.

**TRAINING PROGRAM**

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS OF ON THE _JOB TRAINING	LOCATION
<u>Introduction to Escapology</u>	<u>20</u>	<u>0</u>	<u>Online</u>

<u>Operation of Escape Games</u> <u>Introduction to Escapology</u>	208	035	Orlando, Florida, franchise facility and online
<u>Introduction to your Escapology Facility</u> <u>Operating Systems Training</u>	8	016	Orlando, Florida, franchise facility and online
<u>Working in the Escapology Facility</u> <u>Customer Service, Marketing and Sales Training</u>	468	16	Orlando, Florida, franchise facility and online
<u>Customer Service</u> <u>Technical Training</u>	468	16	Franchisee's Facility and Online Orlando, Florida, franchise facility and online
<u>Escapology Facility Staff Training</u> <u>Business Management, Reporting and Data</u>	08	328	Franchisee's Facility and Online Orlando, Florida, franchise facility and online
Subtotals	60	6491	
Total	424151		

We periodically conduct our initial training program throughout the year, as needed. Training is currently held at our headquarters in Orlando, Florida. Steve Croughan manages our training program. Mr Croughan has 8 years' experience in the Escape room Industry helping open over 70 locations and has over 15 years in the automotive industry in which he worked in their training course development/delivery for some major automotive manufacturers. Training is conducted by a Certified Escapology Trainer. All trainers have several years of customer service and management experience within the Escapology system and have worked in corporate Escapology locations at managerial level. The Certified Trainers are experienced customer service and customer experience trainers within our system.

Our training materials consist of our operations manual, supplemented with active observation, participation, and verbal instruction.

The cost of our instructors and training materials for up to two individuals is included in the initial franchise fee. You must pay for all of travel and personal expenses, including, but not limited to, all costs for your transportation, meals, and lodging for yourself and your personnel. Our current fee to provide initial training to any additional trainee is \$2,000 per person.

If you do not complete our initial training program to our satisfaction, we have the right to terminate the Franchise Agreement.

We will send an experienced Escapology trainer to your facility for five (5) days and up to ten (10) days prior to and during the opening of your Escapology facility. The Facility Manager or Head Game Master will have worked in an Escapology owned venue for a minimum of six (6) months. If you require additional assistance, you will pay for the our representative's travel costs along with a training fee. The current fee to provide additional training is \$500 per person, per day.

We offer mandatory and/or optional additional training programs, including an annual business meeting or convention, from time to time. If we require it, you must participate in additional training for up to 5 days per year and an annual business meeting or convention for up to five days, at a location we designate. We have the right to impose a reasonable fee for all additional training programs, including the annual convention. At this time, the fee for attending the national business meeting or convention is \$500 per attendee, which is subject to change. You are responsible for any and all incidental expenses incurred by you and your personnel in connection with additional training or attendance at Franchisor's national business meeting or annual convention, including, without limitation, costs of travel, lodging, meals and wages. If you fail to attend any mandatory training program, you are required to obtain the training at a location we designate, at your sole cost, which includes tuition at the then-current rate, plus all of your travel costs and our trainer's travel costs.

#### **ITEM 12: TERRITORY**

Under the Franchise Agreement, you have the right to establish and operate one Escapology outlet within a territory that will be defined after the location of your Franchised Business is identified and approved by us (the "Territory"). You are required to find and obtain possession of a specific location for your Franchised Business that meets our site selection criteria and our approval. Your Territory is located in all or a portion of a listed town, city, or county, and is identified by a marked map and/or list of one or more contiguous zip codes. If you sign our Multi-Unit Development Agreement, we will designate the territory of each of each Escapology outlet you develop with our then-current criteria. Your Territory will be identified and attached to your Franchise Agreement as Attachment 3.

You will receive an exclusive territory, which means that we will not open another dedicated Escapology outlet or grant the right to anyone else to open a dedicated Escapology outlet within your Territory, provided that you are not in default of your Franchise Agreement. When entering into a Franchise Agreement we will work with you to determine the size of your exclusive territory however it is generally a half a mile radius from your franchised location in highly populated urban areas and a fifteen mile radius for locations or are in lese densely populated areas. However, notwithstanding this territory protection right we grant to you, we reserve all rights to sell, either directly or through others, our products and services under the Marks in the Territory through alternative distribution channels, which are described below.

If you sign a Multi-Unit Development Agreement, you will receive an exclusive development area, which means that we or any other franchisee will not open a dedicated Escapology outlet within your territory, provided that you are not in default of your Agreement or development schedule. The exclusive territory will be determined in much the same way as a Franchise Agreement in which we will determine your territory based on a mapping system or zip codes and each territory will have a radius based on population. However, notwithstanding this territory

protection right we grant to you, we reserve all rights to sell, either directly or through others, our products and services under the Marks in the Territory through alternative distribution channels, which are described below.

There is no minimum sales requirement, market penetration or other contingency that will affect your protected right to operate in the Territory during the term of your Franchise Agreement, unless you are in default of your obligations to us.

You may not change the location of your Franchised Business, without our written consent, which we may withhold in our sole discretion. If we give our consent, we will charge you a relocation fee of \$5,000. The conditions under which we may allow you to relocate include the following: loss of your premises not due to your default, demographics of the surrounding area, proximity to other Escapology outlets, lease requirements, traffic patterns, vehicular and pedestrian access, proximity to major roads, available parking, and overall suitability. If you wish to relocate, you must identify a new location for the Franchised Business that meets our approval, in accordance with our then-current site selection procedures, and build out the approved location within 120 days. If you do not identify a site and complete the build-out within this time period, we may terminate the Franchise Agreement. You must continue to operate at your original premises until construction of the new site is complete.

Unless you have signed our Multi-Unit Development Agreement, we may, but have no obligation to, consider granting to you the right to establish additional Escapology outlets under other franchise agreements if you are in compliance with the Franchise Agreement and propose to open another Escapology outlet in an area and at a location we approve. The Franchise Agreement grants you no options, rights of first refusal or similar rights to acquire additional franchises.

We reserve all rights not expressly granted in the Franchise Agreement. For example, we or our affiliates may own, operate or authorize others to own or operate Escapology outlets outside of the Territory and may operate other kinds of businesses within the Territory. Although we do not currently do so and have no plans to do so, we and our affiliates may own, acquire, conduct, or authorize others to conduct, any form of business at any location selling any type of product or service not offered under the Marks, including a product or service similar to those you will sell at your Franchised Business. We reserve the right to merge with, acquire, or be acquired by, an existing competitive or non-competitive franchise network, chain or other business; however, we will not convert any acquired business in your Territory to a franchise using our primary trademarks during the Term of your Franchise Agreement.

We and our affiliates may sell products and services under the Marks within or outside the Territory through any method of distribution other than a dedicated Escapology outlet location, such as distribution through the internet (“Alternative Distribution Channels”). You will receive no compensation for our sales through Alternative Distribution Channels in the Territory. You may not use Alternative Distribution Channels to make sales inside or outside your Territory; however, we will include a listing on our website of your Franchised Business’ location.

You may solicit sales from customers inside and outside of your Territory. Your local advertising may target customers inside and outside your Territory.

### **ITEM 13: TRADEMARKS**

Escapology, LLC is the owner of our trademarks and has granted us the exclusive right to use

the marks and license to others the right to use the marks in the operation of a Escapology franchise in accordance with the System. The Franchise Agreement will license to you the right to operate your Franchised Business under the Escapology service marks, which is registered at the U.S. Patent and Trademark Office (“Principal Marks”):

Mark	Registration Date	Registration Number	Register
Escapology	January 17, 2017	5,125,661	PRINCIPAL
Escapology	January 17, 2017	5,125,663	PRINCIPAL

~~There are no currently effective determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of any state or any court, no pending infringement, opposition or cancellation proceedings and no pending litigation involving any of the Marks that may significantly affect the ownership or use of any Mark listed above.~~

We also license you the following Principal Mark:

Mark	Filing Date	Serial Number	Register
			
Escapology (Service Mark)	<del>November 8, May 30, 2023</del> 2021	<del>97,114,7247,0</del> 69,822	PRINCIPAL
	<del>November 8, May 30, 2023</del> 2021	<del>97,114,7127,0</del> 69,819	PRINCIPAL
Escapology (Service Mark)	<del>November 8, May 30, 2023</del> 2021	<del>97,114,7157,0</del> 69,820	PRINCIPAL

~~There are no currently effective determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of any state or any court, no pending infringement, opposition or cancellation proceedings and no pending litigation involving any of the Marks that may significantly affect the ownership or use of any Mark listed above.~~

~~With regard to the table directly above only, we do not have a federal registration for this principal trademark. Therefore, this trademark does not have many legal benefits and rights as federally registered trademarks. If our right to use this trademark is challenged, you may have to change to an alternative trademark which may increase your expenses.~~

We have filed all required affidavits.

You must notify us immediately when you learn about an infringement of or challenge to your use of any Principal Mark or other mark. Our Parent and we will take any action we think

appropriate and, if you have given us timely notice and are in full compliance with the Franchise Agreement, we will indemnify you for all expenses and damages arising from any claim challenging your authorized use of any Principal Mark or other mark. Our Parent and we have the right to control any administrative proceedings or litigation involving any Principal Mark or other mark licensed by us to you. You must cooperate fully with our Parent and us in defending and/or settling the litigation.

We have the right to substitute different marks if we can no longer use the current Principal Marks, or if we determine that substitution of different marks will be beneficial to the System. In such event, we may require you, at your expense, to modify or stop using any mark, including any Principal Mark, or to use one or more additional or substitute marks.

You must not directly or indirectly contest our Parent's right, or our right, to any Principal Mark or other marks.

There are no other currently effective material determinations of the United States Patent and Trademark Office, the Trademark Trial and Appeals Board, the Trademark Administration of any state, or any court relating to the marks. There is no pending infringement, opposition, or cancellation. There is no pending material federal or state court litigation involving the Principal Marks or other marks.

As of the date of this Disclosure Document, we know of no superior prior rights or infringing uses that could materially affect your use of the Principal Marks.

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

We hold no patents and have no pending patent applications that are material to the franchise. We have registered no copyright with the United States Copyright Office. However, we claim copyrights on certain forms, advertisements, promotional materials, operations and live escape game manuals, the games themselves, music, themes, and other written materials.

There are no current material determinations of, or proceedings pending in, the United States Patent and Trademark Office, the U.S. Copyright Office, or any court regarding any of our copyrights discussed above.

There are no agreements currently in effect that limit your right to use any of our copyrights. As of the date of this Disclosure Document, we are unaware of any infringing uses of or superior previous rights to any of our copyrights that could materially affect your use of them.

The Licensed Games that we offer utilize music, images, videos, and themes for which copyright is owned by third parties, who have licensed us to use such intellectual property ("I.P.") solely in the Licensed Games created collaboratively by the copyright owner and us. If we sub-license you to present a Licensed Game, you solely will have the right to utilize the third party's copyrighted I.P. in the Licensed Game itself and in advertising and promotional materials concerning the Licensed Game that we have approved in advance.

You must notify us immediately when you learn about an infringement of or challenge to your use of our copyrights. We will take any action we think appropriate and, if you have given us timely notice and are in full compliance with the Franchise Agreement, we will indemnify you for all expenses and damages arising from any claim challenging your authorized use of our copyrights. We have the right to control any administrative proceedings or litigation involving

our copyrights licensed by us to you. You must cooperate fully with us in defending and/or settling the litigation.

During the term of the Franchise Agreement, you may have access to and become acquainted with our trade secrets, including, but not limited to, Escape Rooms, puzzles, methods, processes, customer lists, vendor partnerships and/or relationships, sales and technical information, financial information, costs, product prices and names, software tools and applications, website and/or email design, products, services, equipment, technologies and procedures relating to the operation of the Franchised Business; the Manual; methods of advertising and promotion; instructional materials; any other information which Franchisor may or may not specifically designate as "confidential" or "proprietary"; and the components of the System, whether or not such information is protected or protectable by patent, copyright, trade secret or other proprietary rights (collectively called the "Confidential Information"). You agree that you will take all reasonable measures to maintain the confidentiality of all Confidential Information in your possession or control and that all Confidential Information and trade secrets will remain our exclusive property. You may never (during the initial term, any renewal term, or after the Franchise Agreement expires or is terminated) reveal any of our Confidential Information to another person or use it for any other person or business. You may not copy any of our Confidential Information or give it to a third party except as we authorize in writing to you prior to any dissemination.

You must promptly tell us when you learn about unauthorized use of any Confidential Information. We are not obligated to take any action but will respond to this information as we think appropriate. We will indemnify you for losses brought by a third party concerning your use, in strict compliance with the Franchise Agreement, of the Confidential Information.

We reserve the right to modify or discontinue using the subject matter covered by a patent or copyright. In such event, we may require you, at your expense, to modify or discontinue using the subject matter in the operation of your Franchised Business.

**ITEM 15: OBLIGATIONS OF THE FRANCHISEE TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS**

The Franchise Agreement requires you to employ a manager to provide full time supervision of your Escapology facility. You may appoint a dedicated and competent manager who has completed our training program to our satisfaction to manage the day-to-day operations of your Escapology facility. If this manager is replaced at any time, the new manager will be required to complete our training program and you will be expected to pay our then current fee for the training program. Your manager need not be the franchisee or an owner of the franchisee, if the franchisee is an entity. We may require your manager to sign a confidentiality agreement and, if permitted by state law where your Escapology Facility is located, a covenant not to compete forbidding work in any other business that offers any Live Escape Game experiences in your franchise territory for a period of eighteen (18) months after termination of employment or of the franchise. Each individual owning twenty percent (20%) or more of the ownership interests of a franchisee that is an entity must sign a guaranty assuming and agreeing to discharge all obligations of the "Franchisee" signing the Franchise Agreement.

If your Franchised Business is owned by an entity, all owners of the entity must personally sign the Franchise Agreement as a "Principal".

**ITEM 16: RESTRICTION ON WHAT FRANCHISEE MAY SELL**

You must offer and sell all products and services that are part of the System, and all services and products which we incorporate into the System in the future. You may only offer products and services that we have previously approved. You may only engage in providing products and services to end-consumers.

You may not use our Principal Marks or other trademarks for any other business, and you may not conduct any other business from your Franchised Business location. You cannot engage in any other business that competes with your Franchised Business, with us or our affiliates, or with Escapology outlets owned by other franchisees, whether such business is inside or outside of the Territory.

We may add to, delete from, or modify the products and services that you can and must offer. You must abide by any additions, deletions, and modifications. There are no limits on our rights to make these changes.

Beginning in the 4th year of the term, we require you to replace at least one new game every other year thereafter with a new game chosen from our game catalogue.

You may only sell products and services from your approved Franchised Business location and in the manner we prescribe. You may solicit sales from customers inside and outside of your Territory. Your local advertising may target customers inside and outside of your Territory.

Your manager and all other personnel who will have access to our proprietary and Confidential Information and training must sign our Non-Disclosure/Non-Competition Agreement, which is attached to our Franchise Agreement as Exhibit G. If your Franchised Business is owned by an entity, all owners of the entity must personally sign the Franchise Agreement as a Principal. If you are a married individual, your spouse must sign our Personal Guaranty, which is attached to our Franchise Agreement as Exhibit F.

**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.**

	<b>Provision</b>	<b>Section in Franchise Agreement</b>	<b>Summary</b>
a.	Length of the franchise term	Art. 4	Term is 10 years
b.	Renewal	Sections 5.1 and 5.4	If you are in good standing as defined below, you can sign a successor franchise agreement for two (2) separate additional 5 year terms, unless we have determined, in our sole discretion, to withdraw from your Territory.
c.	Requirements for franchisee to renew or extend	Sections 5.2 and 5.3	Be in full compliance, have no more than three events of default during current term; provide written notice to us no

	<b>Provision</b>	<b>Section in Franchise Agreement</b>	<b>Summary</b>
			sooner than six months and at least three months before the end of the term; execute a new franchise agreement; pay us a successor agreement fee of \$5,000; continue to maintain your location, current trade dress and other standards; execute a general release; comply with then-current qualifications, facility standard, including but not limited to remodeling your location, and training requirements; including completion of additional training. You may be asked to sign a new Franchise Agreement with materially different terms and conditions than your original Franchise Agreement.
d.	Termination by franchisee	None	You may seek termination upon any grounds available by state law.
e.	Termination by franchisor without cause	Section 16.7	The Franchise Agreement will terminate upon your death or permanent disability and the Franchise must be transferred within six months to a replacement franchisee that we approve.
f.	Termination by franchisor with cause	Article 17	We may terminate only if you default. The Franchise Agreement describes defaults throughout. Please read it carefully.
g.	“Cause” defined – curable defaults	Section 17.3	You have ten days to cure non-payments and thirty days to cure any other defaults (except for non-curable defaults listed in the Franchise Agreement and described in h. immediately below).
h.	“Cause” defined - non-curable defaults	Sections 17.1 and 17.2	<p>The Franchise Agreement will terminate automatically, without notice for the following defaults: insolvency; bankruptcy; written admission of inability to pay debts; receivership; levy; composition with creditors; unsatisfied final judgment for more than 30 days; or foreclosure proceeding that is not dismissed within 30 days.</p> <p>We may terminate the Franchise Agreement upon notice to you if you: do not acquire a site, do not complete construction, obtain permits and/or open the Franchised Business within required time frames; falsify any report to us; cease operations for five days or more, unless the premises are damaged and you apply to relocate; lose possession of the premises, unless you are not at fault for loss and you timely apply to relocate; fail to restore and re-open the Franchised Business within 120 days after a casualty, as may be extended by us; fail to comply with applicable laws; default under any lease for the premises; understate Gross Sales two or more times; fail to comply with insurance and indemnification</p>

	Provision	Section in Franchise Agreement	Summary
			requirements; attempt a transfer in violation of the Franchise Agreement; fail, or your legal representative fails to transfer as required upon your death or permanent disability; misrepresent or omit a material fact in applying for the Franchise; are convicted or plead no contest to a felony or crime or engages in conduct that could damage the goodwill or reputation of our trademarks or the System; receive an adverse judgment in any proceeding involving allegations of fraud, racketeering or improper trade practices or similar claim that could damage the goodwill or reputation of our trademarks or the System; conceal revenues or maintain false books; create a threat or danger to public health or safety; refuse an inspection or audit by us; use our trademarks, copyrighted material or Confidential Information in an unauthorized manner; make an unauthorized disclosure of Confidential Information; fail to comply with non-competition covenants; default in the performance of your obligations three or more times during the term or receive two or more default notices in any 12-month period; default under any other agreement with us or our affiliate; have insufficient funds to honor a check or EFT two or more times within any 12-month period; default, or your affiliate defaults, under another agreement with us or our affiliate or suppliers; or terminate the Franchise Agreement without cause.
i.	Franchisee's obligations on termination/ non-renewal	Article 18	Upon termination, you must: cease operations; cease to identify yourself as a Escapology franchisee; cease to use our trademarks or other intellectual property; cancel any assumed name registration that contains any Mark; pay us and our affiliates all sums owing; pay us any damages, costs or expenses we incur in obtaining any remedy for any violation of the Franchise Agreement by you, including, but not limited to attorney's fees; deliver to us all Confidential Information, the operations manual and all records and files related to your Franchised Business; comply with the non-disclosure and non-competition covenants; pay liquidated damages; sell to us, at our option, all furnishing, fixtures, equipment, inventory and supplies of your Franchised Business; and assign, at our option, your telephone numbers, directory and internet listings, and social media and

	<b>Provision</b>	<b>Section in Franchise Agreement</b>	<b>Summary</b>
			software accounts and the lease for the location.
j.	Assignment of contract by franchisor	Section 16.1.1	No restrictions on our right to assign.
k.	"Transfer" by franchisee defined	Section 16.3	Any assignment, sale, transfer, gift, devise or encumbrance of any interest in the Franchise Agreement, the Franchised Business, any assets of the Franchised Business, or in the Franchisee (if the Franchisee is a business entity).
l.	Franchisor approval of transfer by franchisee		No transfer is allowed without our consent, which we will not unreasonably withhold.
m.	Conditions for franchisor approval of a transfer	Section 16.3 and 16.4	Conditions include: our decision not to exercise our right of first refusal; transferee meets our then-current standards for qualifying franchisees; transferee signs our then-current form of Franchise Agreement, which may have materially different terms from your Franchise Agreement; transferee successfully complete our initial training program; you have paid us and third-party creditors all amounts owed; you and the transferee sign a Release in the form of Attachment __ to the Franchise Agreement; you will subordinate any claims you have against the transferee to us; you will indemnify us for misrepresentations in the transfer process, excluding the representations we make in our Disclosure Document; our approval of the material terms and conditions of the transfer; payment of a transfer fee equal \$5,000 fee.
n.	Franchisor's right of first refusal to acquire franchisee's business	Section 16.6	You must promptly notify us of any written offer to purchase your Franchise. We have 30 days to exercise our first right to buy it on the same terms and conditions, provided that (a) we may substitute cash for any other consideration (b)we may pay the entire purchase price at closing, (c) our credit is deemed as good as the proposed purchaser, (d) we have at least 60 days to close and (e) you will give us all customary seller's representations and warranties.
o.	Franchisor's option to purchase franchisee's business	Section 18.2	Upon termination of the Franchise Agreement, we have the option to purchase your equipment, furniture, fixtures, signs, advertising materials, supplies, and inventory at your cost or fair market value, whichever is less.
p.	Death or disability of franchisee	Sections 16.3, 16.4 and 16.7	The Franchise Agreement will terminate upon your death or permanent disability, and the Franchise must be transferred within six months to a replacement franchisee that we approve.

	<b>Provision</b>	<b>Section in Franchise Agreement</b>	<b>Summary</b>
q.	Non-competition covenants during the term of the franchise	Section 19.5.1	You may not: divert, or attempt to divert, customers of any Escapology outlet (including yours) to any competitor, participate in any capacity, including, but not limited to as an owner, investor, officer, director, employee or agent, in any competing business; do any act that could damage the goodwill of the Marks or System, or disrupt or jeopardize our business or that of our franchisees.
r.	Non-competition covenants after the franchise is terminated or expires	Section 19.5.2	For 18 months after the termination of the Franchise Agreement, you may not: divert, or attempt to divert, customers of any Escapology outlet (including yours) to any competitor, participate in any capacity, including, but not limited to as an owner, investor, officer, director, employee or agent, in any competing business within ___ miles of your former Franchised Business' location or any other Escapology outlet location (franchised or company owned); do any act that could damage the goodwill of the Marks or System, or disrupt or jeopardize our business or that of our franchisees.
s.	Modification of the agreement	Sections 9.4, 14.6 and 19.1.4	No oral modifications. We may change the operations manual and System standards at any time. You may be required to implement these changes at your own costs. We have the right to modify our Marks at any time upon written notice to you.
t.	Integration/merger clause	Section 21.4	Only the terms of the Franchise Agreement and other related written agreements, such as any attachments to the Franchise Agreement or addenda, are binding (subject to applicable state law). Any representations or promises outside of the disclosure document and Franchise Agreement may not be enforceable.
u.	Dispute resolution by arbitration or mediation	Sections 20.1, 20.2 and 20.3	At our option, claims that are not resolved internally may be submitted to non-binding mediation at our headquarters (subject to state law).
v.	Choice of forum	Section 20.4	Litigation takes place in Florida (subject to applicable state law).
w.	Choice of law	Section 20.3	Florida law applies (subject to applicable state law).

**THE FRANCHISE RELATIONSHIP  
(UNDER THE MULTI-UNIT DEVELOPMENT AGREEMENT)**

**This table lists certain important provisions of the multi-unit development agreement. You should read these provisions in the agreement attached to this disclosure document.**

	<b>Provision</b>	<b>Section in Multi-Unit Development Agreement</b>	<b>Summary</b>
a.	Length of the franchise term	Art. 4	As determined by you and us based on the number of Escapology outlets you are to develop.
b.	Renewal or extension of the Term	Not Applicable	Not Applicable
c.	Requirements for franchisee to renew or extend	Not Applicable	Not Applicable
d.	Termination by franchisee	None	You may seek termination upon any grounds available by state law
e.	Termination by franchisor without cause	Section 6.6	The Multi-Unit Development Agreement will terminate upon your death or permanent disability, and the Development Rights must be transferred within 6 months to a replacement developer that we approve.
f.	Termination by franchisor with cause	Article 7	We may terminate only if you default. The Multi-Unit Development Agreement describes defaults throughout. Please read it carefully.
g.	"Cause" defined – curable defaults	Section 7.3	You have ten days to cure non-payments and thirty days to cure any other defaults (except for non-curable defaults listed in the Multi-Unit Development Agreement and described in h. immediately below).

	<b>Provision</b>	<b>Section in Multi-Unit Development Agreement</b>	<b>Summary</b>
h.	"Cause" defined - non-curable defaults	Sections 7.1 and 7.2	The Multi-Unit Development Agreement will terminate automatically, without notice for the following defaults: insolvency; bankruptcy; written admission of inability to pay debts; receivership; levy; composition with creditors; unsatisfied final judgment for more than 30 days; or foreclosure proceeding that is not dismissed within 30 days. We may terminate the Multi-Unit Development Agreement upon notice to you if you: misrepresent or omit a material fact in applying for the Development Rights; falsify any report to us; fail to comply with any federal, state or local law, rule or regulation, applicable to the development and operations of Developer's Mad for Chicken outlets, including, but not limited to, the failure to pay taxes; fail to develop the Mad for Chicken outlets in accordance with the Mandatory Development Schedule; attempt a transfer in violation of the Franchise Agreement; are convicted or plead no contest to a felony or crime that could damage the goodwill or reputation of our trademarks or the System; receive an adverse judgment in any proceeding involving allegations of fraud, racketeering or improper trade practices or similar claim that could damage the goodwill or reputation of our trademarks or the System; fail to comply with non-competition covenants; default, or your affiliate defaults, under any other agreement, including any Franchise Agreement, with us or any of our affiliates, suppliers or landlord and does not cure such default within the time period provided in such other agreement; or terminate the Multi-Unit Development Agreement without cause.
i.	Franchisee's obligations on termination/ non-renewal	Section 7.4	Upon termination, you must: cease all development operations and comply with the non-disclosure and non-competition covenants.
j.	Assignment of contract by franchisor	Section 6.1	No restrictions on our right to assign.
k.	"Transfer" by franchisee defined	Section 6.3	Any assignment, sale, transfer, gift, devise or encumbrance of any interest in the Multi-Unit Development Agreement or Development Rights.
l.	Franchisor approval of transfer by franchisee	Sections 6.2, 6.3	No transfer is allowed without our consent, which we will not unreasonably withhold.

	<b>Provision</b>	<b>Section in Multi-Unit Development Agreement</b>	<b>Summary</b>
m.	Conditions for franchisor approval of a transfer	Section <del>466.3</del> and <del>466.4</del>	Conditions include: our decision not to exercise our right of first refusal; transferee meets our then-current standards for qualifying developers; you have paid us all amounts owed; transferee signs our then-current form of Multi-Unit Development Agreement, which may have materially different terms from your Multi-Unit Development Agreement; you and the transferee sign a General Release in the form of Exhibit C to the Franchise Agreement; you shall subordinate any claims you have against the transferee to us; our approval of the material terms and conditions of the transfer; payment of a transfer fee equal to \$5,000.
n.	Franchisor's right of first refusal to acquire franchisee's business	Section 6.5	You must promptly notify us of any written offer to purchase your Development Rights. We have 30 days to exercise our first right to buy it on the same terms and conditions, provided that (a) we may substitute cash for any other consideration (b).we may pay the entire purchase price at closing, (c) our credit is deemed as good as the proposed purchaser, (d) we have at least 60 days to close and (e) you shall give us all customary seller's representations and warranties.
o.	Franchisor's option to purchase franchisee's business	Not Applicable	Not Applicable
p.	Death or disability of franchisee	Section 6.6	The Multi-Unit Development Agreement will terminate upon your death or permanent disability, and the Development Rights must be transferred within 6 months to a replacement developer that we approve.
q.	Non-competition covenants during the term of the franchise	Section 8.3.1	You may not: divert, or attempt to divert, customers of any Escapology outlet (including yours) to any competitor, participate in any capacity, including, but not limited to as an owner, investor, officer, director, employee or agent, in any competing business; do any act that could damage the goodwill of our trademarks or System, or disrupt or jeopardize our business or that of our franchisees.

	<b>Provision</b>	<b>Section in Multi-Unit Development Agreement</b>	<b>Summary</b>
r.	Non-competition covenants after the franchise is terminated or expires	Section 8.3.2	For 18 months after the termination of the Franchise Agreement, you may not: divert, or attempt to divert, customers of any Escapology outlet (including yours) to any competitor, participate in any capacity, including, but not limited to as an owner, investor, officer, director, employee or agent, in any competing business within 10 miles of your former Escapology outlet location or any other Escapology outlet location; do any act that could damage the goodwill of our trademarks or System, or disrupt or jeopardize our business or that of our franchisees.
s.	Modification of the agreement	Section <del>4</del> <u>11.4</u>	No oral modifications. No amendment of the provisions will be binding upon either party unless the amendment has been made in writing and executed by all interested parties.
t.	Integration/merger clause	Section <del>4</del> <u>11.4</u>	Only the terms of the Multi-Unit Development Agreement and other related written agreements are binding (subject to applicable state law.) Any representations or promises outside of Multi-Unit Development Agreement may not be enforceable. Notwithstanding the foregoing, nothing in the Multi-Unit Development Agreement is intended to disclaim the express representations made in this Franchise Disclosure Document.
u.	Dispute resolution by arbitration or mediation	Sections 10.1, 10.2, 10.3, and 10.4	At our option, claims that are not resolved internally may be submitted to non-binding mediation at our headquarters, and then to binding arbitration, excluding claims related to injunctive relief, anti-trust, the trademarks, and post-termination obligations. <del>-, subject to state law.</del>
v.	Choice of forum	Section 10.5	Florida, subject to applicable state law.
w.	Choice of law	Section 10.5	Florida law applies, subject to applicable state law.

See the state addenda to this Franchise Disclosure Document, the Franchise Agreement and the Multi-Unit Development Agreement for special state disclosures.

**ITEM 18: PUBLIC FIGURES**

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

**ITEM 19: FINANCIAL PERFORMANCE REPRESENTATIONS**

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

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

### **Stand-Alone Franchised Facilities**

The following presents information ~~on~~ as of the end of calendar year 2023, December 31, 2023, in which there were 52 franchised ~~2022 annual revenues, certain categories of costs, and mandatory franchise expenditures for the 38 stand-alone Escapology Facilities in the USA, meaning outlets and 9 Company-Owned outlets in the United States. The Statement of Gross Sales below have exclude 8 stores (2 company owned, 6 franchisee owned) that were not in operation for a full 12 months~~

Stand-Alone Franchised outlets are venues not located within a family entertainment center/Family Entertainment Centers such as a bowling facility, that operated throughout facilities or other entertainment facilities that year offer various products and were owned throughout by a franchisee: services.

<b>Company-Owned Units</b>						
<b>Revenue per Escape Room</b>	<b>Total Statement of Gross Revenue Sales</b>	<b>Staffing</b>	<b>Occupancy**</b>	<b>Continuing Franchise Fees ***</b>	<b>Mandatory Marketing****</b>	<b>Profit after Core Expenses*** **</b>
<b>Company-Owned Units</b>						
<b>Year 2023 Gross Sales as Reported to the Company</b>						
(7 mature stores with more than 12 months in operation)						
<b>Gross Sales</b>	<b>Number of Stores</b>	<b>Percentage of Stores at each level</b>	<b>Average</b>	<b>\$91,875</b>	<b>\$ 537,175</b>	<b>\$ 299,836</b>



~~\*18 of the 38, or 47%, Stand-Alone Franchise Facilities attained or surpassed the average gross revenue disclosed in the table above.~~

~~\* 27 of the 38 franchises reported occupancy cost. To calculate Profit after Core Expenses, we used the average occupancy cost of the 19 in place of the actual figure for the 4 franchises that did not report that expense.~~

~~\*\*\* Continuing franchise fees assumes payment of the 6% standard Service Fee and 2% Innovation Fee required by this offering. Actual fees paid by each individual franchisee varied.~~

~~\*\*\*\* Mandatory Marketing is the payment required for the marketing program that we provide for each store, the cost of which is currently \$700 per month minimum. The highest level of service is \$1,650 per month, and some high revenue stores pay substantially above the mandatory minimum sum. Amounts included in this representation includes the Mandatory Marketing paid to us as well as third party vendors.~~

~~\*\*\*\*\* Core Expenses are defined as Staffing, Occupancy, Continuing Franchise Fees, and Mandatory Marketing costs.~~

### Family Entertainment Center Franchises

The following presents information on the Average Gross Sales were \$1,308,025 for the twelve months ending December 31st, 2023, of which 3 Stores had sales above this average and 4 stores had sales below this average. The median sales for these 7 stores were \$1,145,841 for the twelve months ending December 31st, 2023.

2022 annual revenues, staffing costs, and mandatory franchise expenditures for the 17 franchised Escapology Facilities operated in the U.S.A. throughout that year within a family entertainment center, such as a bowling facility:

Stand-Alone Franchised Units									
	<b>Revenue per Escape Room</b>	<b>Total Statement of Gross Revenues</b>	<b>Staffing**</b>	<b>Continuing Franchise Fees***</b>	<b>Mandatory Marketing****</b>	<b>Gross Profit after Core Expenses*****</b>			
<b>Stand-Alone Franchised Units</b>									
<b>Year 2023 Gross Sales as Reported to the Company</b>									
(37 mature stores with more than 12 months in operation)									
<b>Gross Sales</b>	<b>Number of Stores</b>	<b>Percentage of Stores at each level</b>	<b>Average # of Game Rooms</b>	\$56,145	\$ 284	\$ 77	\$ 14	\$ 14	\$171,624
<b>Median</b>	\$44,955	\$202,603	\$64,955	\$12,798		\$17,925			\$106,926
<b>High Over</b>	\$118,590,000		\$25,298	\$42,694		\$35,642			\$521,644
		\$711,575	24%						
		\$750,001 - \$1,000,000	6			16%			6
		\$600,001 - \$750,000	6			16%			6
		\$500,001 - \$600,000	4			11%			5
		\$400,001 - \$500,000	4			11%			5
<b>Low</b>	\$ 249,54	\$3,300,001 - \$400,000	4	\$19,725		11%			4

2	1	54	7				
7	3		2				
7	7		0				
7	8		8				
9	9						
	4						
Less than \$300,000				4		11%	4
<b>Total</b>				<b>37</b>	<b>100%</b>	<b>32%</b>	<b>95%</b>
<b>Median % of Revenue</b>						<b>6%</b>	<b>3%</b>

~~\*12 of the 17, or 35%, Family Entertainment Center Franchises attained or surpassed the average gross revenue disclosed in the table above.~~

~~\*\*12 of the 17 franchises reported staffing cost. To calculate Gross Profit, we used the median staffing cost of the 12 in place of the actual figure for the 5 franchises that did not report that expense. Each of the non-reporting franchisees had revenues below the median, and therefore likely had staffing costs below the median as well.~~

~~\*\*\* Continuing franchise fees assumes payment of the 6% standard Service Fee and 2% Innovation Fee required by this offering. Actual fees paid by each individual franchisee varied.~~

~~\*\*\*\* Mandatory Marketing is the payment required for the marketing program that we provide for each store, the cost of which is currently \$700 per month minimum. The highest level of service we offer required a payment of \$1,650 per month. Amounts included in this representation includes the Mandatory Marketing paid to us as well as third party vendors.~~

~~\*\*\*\*\* Core Expenses are defined as Staffing costs, Continuing Franchise Fees, and Mandatory Marketing costs.~~

~~Only 1 of the 17 FEC franchisees reported occupancy costs for the Escapology portion of their FEC, which is why occupancy costs are excluded from this table.~~

**Company-Owned Facilities** Average Gross Sales were \$694,864 for the twelve months ending December 31st, 2023, of which 15 Stores had sales above this average and 22 stores had sales below this average. The median sales for these 37 stores were \$680,634 for the twelve months ending December 31st, 2023.

The following presents information on the 2022 annual revenues, certain categories of costs, and imputed mandatory franchise expenditures for the 7 Escapology Facilities in the USA operated during all or part of 2022 by our affiliates, each of which is a stand-alone location. The Pigeon Forge location is the lowest in gross revenues and profits after core expenses was opened September 2022.

**Family Entertainment Center Franchised Units (FEC)**

	Revenue per Escapology Room	Statement of Total Gross Revenue Sales	Staffing	Occupancy	Contingency	Marketing Program ***	Profit after Core Expenses	
<b>Average Family Entertainment Center Franchised Units</b>	\$167,148	\$1,255,471	\$348,591	\$159,917	\$74,101	\$99,609	\$573,253	
<b>Median Year 2023 Gross Sales as Reported to the Company</b>	\$148,179	\$967,699	\$282,857	\$147,013	\$56,676	\$104,672	\$443,334	
<b>High</b>				\$271,507	\$2,324,802	\$533,450	\$418,884	\$1,140,361
<b>Low</b>	\$547	\$12,023		\$22,792	\$38,651	\$140,528		

(9 mature stores with more than 12 months in operation)

4 7 7  
0 8 8  
4 0 4  
5 0

Gross Sales	Median %Number of Revenue Stores	Percentage of Stores at each level	Average # of Games
-	-	-	-
Over \$500,000	2	22%	6
\$400,001 - \$500,000	0	n/a	n/a
\$300,001 - \$400,000	1	11%	5
\$200,001 - \$300,000	2	22%	5
\$150,001 - \$200,000	3	33%	3
Less than \$150,000	1	11%	3
<b>Total</b>	<b>9</b>	<b>100%</b>	<b>4</b>

~~\*3 of the 7, or 43%, Company-Owned Facilities attained or surpassed the average gross revenue for each subset.~~

~~\*\* We charge each of our affiliates' Facilities a Service Fee of 6%, but have not collected the 2% Innovation Fee from our affiliates. However, since you must pay that fee, this presentation assumes the total fee of 3.5% for these locations.~~

~~\*\*\* This presentation is of the actual Marketing Program expenses paid by our affiliates, all of which utilize the digital and social media service that you also must pay for.~~

~~To calculate earnings of a Center before interest, taxes, depreciation, amortization (or "EBITDA Net Profit"), you must deduct from the "Gross Profit" credit card processing fees, equipment leasing payments, utilities (gas, electric, water), telecommunications, insurance, office supplies, cleaning, and accounting/payroll processing.~~

Average Gross Sales were \$306,667 for the twelve months ending December 31st, 2023, of which 3 Stores had sales above this average and 6 stores had sales below this average. The median sales for these 9 stores were \$202,756 for the twelve months ending December 31st, 2023.

The data disclosed in this Item 19 has been compiled on a cash basis and has not been audited or verified in any manner by an independent certified public accountant. The cost data for the franchises has been provided voluntarily by the franchisees and we have not independently verified its accuracy.

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The following presents information of the 2023 annual gross sales and certain cost categories for the 7 Company-Owned Escapology units that were open for the full year of 2023. The following information excludes 2 units that were opened in 2023 that were not operational for the full 12 months ending December 31st, 2023.

<b>Company-Owned Units</b>							
	<b>Gross Sales</b>	<b>Staffing (Note 1)</b>	<b>Occupancy (Note 2)</b>	<b>Continuing Franchise Fees (Note 3)</b>	<b>Marketing (Note 4)</b>	<b>Banking &amp; Credit Card Processing Fees</b>	<b>Profit After Core Expenses (Note 5)</b>
<b>Average</b>	\$1,308,025	\$350,337	\$182,408	\$110,630	\$111,327	\$34,570	\$518,753
<b>Median</b>	\$1,145,841	\$342,706	\$151,782	\$97,655	\$108,301	\$31,380	\$414,016
<b>High</b>	\$2,324,966	\$563,477	\$379,214	\$191,985	\$136,622	\$58,999	\$1,028,978
<b>Low</b>	\$828,184	\$231,697	\$79,402	\$72,243	\$84,265	\$22,327	\$271,858
<b>Median % of Gross Sales</b>		30%	13%	9%	9%	3%	36%

Note 1. Staffing costs include direct payroll, payroll taxes, incentives, medical, dental, 401K, and other fringe benefits.

Note 2. Occupancy includes rent, pass-through expenses from the landlord, utilities, telephone & internet, and security.

Note 3. Continuing franchise fees include 6% royalty and 2% innovation fees paid to the franchisor based on monthly reported gross sales and also include \$499 per month technology fee.

Note 4. Marketing includes marketing agency fees, digital and print marketing, and other local-store marketing costs.

Note 5. To calculate earnings before interest, taxes, depreciation, and amortization (or "EBITDA), you must deduct the following costs from "Profit After Core Expenses"; per player fees for licensed games, cost of any merchandise sales, property insurance, repairs & maintenance, accounting and legal fees, and other miscellaneous office and operating expenses.

The following presents information of the 2023 annual gross sales and certain cost categories for the 37 franchised Stand-Alone Escapology units in the USA that were open for the full year of 2023. The following information excludes 6 units that were opened in 2023 that were not operational for the full 12 months ending December 31st, 2023.

Stand-Alone Franchised units are venues not located within Family Entertainment Centers such as a bowling facilities or other entertainment facilities that offer various products and services.

Operating costs incurred by franchisees are self-reported and unaudited by the franchisor but are reviewed for reasonableness.

**Stand-Alone Franchised Units**

	<b>Gross Sales</b>	<b>Staffing (Note 1)</b>	<b>Occupancy (Note 2)</b>	<b>Continuing Franchise Fees (Note 3)</b>	<b>Marketing (Note 4)</b>	<b>Banking &amp; Credit Card Processing Fees</b>	<b>Profit After Core Expenses (Note 5)</b>
<b>Average</b>	\$694,864	\$206,525	\$112,558	\$61,577	\$48,350	\$20,846	\$245,007
<b>Median</b>	\$680,635	\$200,232	\$102,938	\$60,439	\$39,363	\$20,419	\$257,243
<b>High</b>	\$1,367,900	\$426,711	\$307,129	\$115,420	\$165,947	\$41,037	\$470,573
<b>Low</b>	\$164,687	\$76,728	\$28,465	\$19,163	\$6,303	\$4,941	\$91,142
<b>Median % of Gross Sales</b>		29%	15%	9%	6%	3%	38%

Note 1. Staffing costs include direct payroll, payroll taxes, incentives, medical, dental, 401K, and other fringe benefits.

Note 2. Occupancy includes rent, pass-through expenses from the landlord, utilities, telephone & internet, and security. In the event a franchisee owns the building and no rent is owed, an estimate for rent has been included for comparability.

Note 3. Continuing franchise fees reflect the current 6% royalty and 2% innovation fees paid to the franchisor based on monthly reported gross sales and also include \$499 per month technology fee. Actual fees paid by each individual franchisee varied.

Note 4. Marketing includes marketing agency fees, digital and print marketing, and other local-store marketing costs.

Note 5. To calculate earnings before interest, taxes, depreciation, and amortization (or "EBITDA), you must deduct the following costs from "Profit After Core Expenses"; per player fees for licensed games, cost of any merchandise sales, property insurance, repairs & maintenance, accounting and legal fees, and other miscellaneous office and operating expenses.

The following presents information of the 2023 annual gross sales and certain cost categories for the 9 franchised FEC Escapology units in the USA that were open for the full year of 2023.

Operating costs incurred by franchisees are self-reported and unaudited by the franchisor but are reviewed for reasonableness.

**Family Entertainment Center Franchised Units (FEC)**

	<b>Gross Sales</b>	<b>Staffing (Note 1)</b>	<b>Occupancy (Note 2)</b>	<b>Continuing Franchise Fees (Note 3)</b>	<b>Marketing (Note 4)</b>	<b>Banking &amp; Credit Card Processing Fees</b>	<b>Profit After Core Expenses (Note 5)</b>
<b>Average</b>	\$306,667	\$70,701	n/a	\$30,521	\$7,341	\$9,200	\$188,904
<b>Median</b>	\$202,756	\$62,854	n/a	\$22,209	\$3,897	\$6,083	\$107,714
<b>High</b>	\$676,446	\$199,503	n/a	\$60,104	\$30,000	\$20,293	\$470,573
<b>Low</b>	\$128,362	\$12,623	n/a	\$16,257	-	\$3,851	\$91,142
<b>Median % of Gross Sales</b>		31%	n/a	11%	2%	3%	53%

Note 1. Staffing costs include direct payroll, payroll taxes, incentives, medical, dental, 401K, and other fringe benefits.

Note 2. An estimate of occupancy costs are not provided by FEC franchised units as the Escapology is in a shared facility.

Note 3. Continuing franchise fees reflect the current 6% royalty and 2% innovation fees paid to the franchisor based on monthly reported gross sales and also include \$499 per month technology fee. Actual fees paid by each individual franchisee varied.

Note 4. Marketing includes marketing agency fees, digital and print marketing, and other local-store marketing costs specifically identified by an FEC attributable to Escapology. Marketing for the entire Family Entertainment Center in which Escapology benefits may not be included in figures above.

Note 5. To calculate earnings before interest, taxes, depreciation, and amortization (or "EBITDA), you must deduct the following costs from "Profit After Core Expenses"; occupancy costs, per player fees for licensed games, cost of any merchandise sales, property insurance, repairs & maintenance, accounting and legal fees, and other miscellaneous office and operating expenses.

The following presents information of the 2023 annual Profit After Core Expenses for the 37 franchised Stand-Alone Escapology units in the USA that were open for the full year of 2023. The following information excludes 6 units that were opened in 2023 that were not operational for the full 12 months ending December 31st, 2023.

<b>Stand-Alone Franchised Units</b>							
<b>Top, Middle, and Low Thirds</b>							
	<b>Profit After Core Expenses (Note 1)</b>	<b>Number of Units</b>	<b>Number at/or Above</b>	<b>Percentage at/or Above</b>	<b>Median</b>	<b>Highest</b>	<b>Lowest</b>
Top Third	\$406,816	12	5	42%	\$393,013	\$495,997	\$337,590
Middle Third	\$244,234	12	7	58%	\$243,797	\$397,164	\$113,633
Bottom Third	\$113,402	13	5	38%	\$108,723	\$213,012	\$24,026
<b>Total</b>	<b>\$250,995</b>	<b>37</b>	<b>18</b>	<b>49%</b>	<b>\$230,570</b>	<b>\$495,997</b>	<b>\$24,026</b>

Profit After Core Expenses is gross sales less staffing and benefits, occupancy costs, continuing franchise fees, marketing costs, and credit card processing. To calculate earnings before interest, taxes, depreciation, and amortization (or "EBITDA), you must deduct the following costs from "Profit After Core Expenses": per player fees for licensed games, cost of any merchandise sales, property insurance, repairs & maintenance, accounting and legal fees, and other miscellaneous office and operating expenses.

**Some outlets have sold this amount. Your individual results may differ. There is no assurance that you'll sell as much.**

Written substantiation for this Financial Performance Representation will be made available to you upon reasonable request.

Other than the preceding information, we do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting ~~Jacquelyn Warren~~ Adam Doktor at 11951 International Drive, Suite ~~2D52A1~~, Orlando, Florida 32821, the Federal Trade Commission, and the appropriate state regulatory agencies.

**ITEM 20: OUTLETS AND FRANCHISEE INFORMATION**

Table No. 1  
System-wide Outlet Summary  
For Years ~~2020~~2021 to ~~2023~~2022

Column 1 Outlet Type	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets at the End of the Year	Column 5 Net Change
Franchised	<del>2021</del> <u>2020</u>	<del>43</del> <u>40</u>	40	<del>-30</del>
	<del>2024</del> <u>2022</u>	40	<del>40</del> <u>46</u>	<del>0</del> <u>+6</u>
	<del>2022</del> <u>2023</u>	<del>40</del> <u>46</u>	<del>46</del> <u>52</u>	<del>+6</del>
Company – Owned*	<del>2021</del> <u>2020</u>	4	<del>46</del>	<del>0</del> <u>+2</u>
	<del>2022</del> <u>2024</u>	<del>46</del>	<del>67</del>	<del>+21</del>
	<del>2022</del> <u>2023</u>	<del>67</del>	<del>79</del>	<del>+12</del>
<b>Total Outlets</b>	<del>2021</del> <u>2020</u>	<del>47</del> <u>44</u>	<del>44</del> <u>46</u>	<del>-3</del> <u>+2</u>
	<del>2022</del> <u>2024</u>	<del>44</del> <u>46</u>	<del>46</del> <u>52</u>	<del>+26</del>
	<del>2022</del> <u>2023</u>	<del>46</del> <u>52</u>	<del>53</del> <u>61</u>	<del>+78</del>

Table No. 2  
Transfers of Outlets From Franchisees to New Owners (Other than the Franchisor)  
For Years ~~2020~~2021 to ~~2022~~2023

Column 1 State	Column 2 Year	Column 3 Number of Transfers
N/A <del>Florida</del>	<del>2021</del> 2020	0
	<del>2021</del> 2022	0
	<del>2022</del> 2023	01
<b>Total</b>	<del>2021</del> 2020	<b>0</b>
	<del>2022</del> 2021	<b>0</b>
	<del>2022</del> 2023	<b>01</b>

Table No. 3  
Status of Franchised Outlets  
For Years ~~2020~~2021 to ~~2022~~2023

Column 1 State	Column 2 Year	Column 3 Outlets at Start of Year	Column 4 Outlets Opene d	Column 5 Termination s	Column 6 Non- renewal s	Column 7 Reacquire d by Franchisor	Column 8 Ceased Operation s - Other Reasons	Column 9 Outlets at End of the Year
Alabama	<del>2021</del> 2020	2	0	0	0	0	0	2
	<del>2022</del> 2021	2	0	0	0	0	0	2
	<del>2022</del> 2023	2	0	0	0	0	0	2
Arizona	<del>2021</del> 2020	0	01	0	0	0	0	01
	<del>2022</del> 2021	01	10	0	0	0	0	1
	<del>2022</del> 2023	1	01	0	0	0	0	12
California	<del>2021</del> 2020	2	01	0	0	0	0	23
	2021	2	1	0	0	0	0	3
	2022	3	0	0	0	0	0	3
	2023	3	0	0	0	0	0	3
Colorado	<del>2021</del> 2020	1	0	0	0	0	0	1
	<del>2022</del> 2021	1	0	0	0	0	0	1
	<del>2022</del> 2023	1	0	0	0	0	0	1

Connecticut	<u>2021</u> <u>020</u>	1	0	0	0	0	0	1
	<u>2022</u> <u>024</u>	1	0	0	0	0	0	1
	<u>2022</u> <u>023</u>	1	0	0	0	0	0	1
Florida	<u>2021</u> <u>020</u>	4	0	0	0	<u>0</u> <u>2</u>	0	<u>4</u> <u>2</u>
	<u>2024</u>	4	0	0	0	<u>2</u>	0	<u>2</u>
Georgia	<u>2022</u>	2	2	0	0	0	0	4
	<u>2023</u>	<u>4</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>5</u>
	<u>2021</u> <u>020</u>	<u>4</u> <u>0</u>	<u>0</u> <u>1</u>	0	0	0	<u>4</u> <u>0</u>	<u>0</u> <u>1</u>
	<u>2024</u>	0	4	0	0	0	0	4
Illinois	<u>2022</u>	1	1	0	0	0	0	2
	<u>2023</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>
	<u>2021</u> <u>020</u>	1	0	0	0	0	0	1
	<u>2024</u>	4	0	0	0	0	0	4
Iowa	<u>2022</u>	1	0	0	0	0	0	1
	<u>2020</u> <u>023</u>	1	0	0	0	0	0	1
	<u>2021</u>	1	0	0	0	0	0	1
Indiana	<u>2022</u>	1	1	0	0	0	0	2
	<u>2023</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
	<u>2021</u> <u>020</u>	1	0	0	0	0	0	1
	<u>2024</u>	4	0	0	0	0	0	4
Kansas	<u>2022</u>	1	0	0	0	0	0	1
	<u>2023</u>	<u>1</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>
	<u>2021</u> <u>020</u>	1	0	0	0	0	0	1
	<u>2024</u>	4	0	0	0	0	0	4
Louisiana	<u>2022</u>	1	0	0	0	0	1	0
	<u>2023</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>2021</u> <u>020</u>	1	0	0	0	0	0	1
	<u>2024</u>	4	0	0	0	0	0	4
Maryland	<u>2022</u>	1	0	0	0	0	0	1
	<u>2023</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
	<u>2021</u> <u>020</u>	1	0	0	0	0	0	1
	<u>2024</u>	4	0	0	0	0	0	4
	<u>2022</u>	1	0	0	0	0	0	1
	<u>2023</u>	<u>1</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>

Massachusetts	<u>2021</u> <u>020</u>	1	0	0	0	0	0	1
	<u>2024</u>	4	0	0	0	0	0	4
	<u>2022</u>	1	0	0	0	0	0	1
	<u>2023</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
Michigan	<u>2021</u> <u>020</u>	3	0	0	0	0	0	3
	<u>2024</u>	3	0	0	0	0	0	3
	<u>2022</u>	3	0	0	0	0	0	3
	<u>2023</u>	<u>3</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>4</u>
Minnesota	<u>2021</u> <u>020</u>	1	0	0	0	0	0	1
	<u>2024</u>	4	0	0	0	0	0	4
	<u>2022</u>	1	0	0	0	0	0	1
	<u>2023</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
Missouri	<u>2021</u> <u>020</u>	1	0	0	0	0	0	1
	<u>2024</u>	4	0	0	0	0	0	4
	<u>2022</u>	1	0	0	0	0	0	1
Montana	<u>2020</u> <u>023</u>	1	0	0	0	0	<u>4</u>	<u>0</u>
	<u>2024</u>	0	0	0	0	0	0	0
	<u>2022</u>	0	0	0	0	0	0	0
New Jersey	<u>2021</u> <u>020</u>	<u>4</u>	<u>4</u>	0	0	0	0	2
	<u>2024</u>	2	0	0	0	0	0	2
	<u>2022</u>	2	0	0	0	0	0	2
	<u>2023</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>
New Mexico	<u>2021</u> <u>020</u>	1	0	0	0	0	0	1
	<u>2024</u>	4	0	0	0	0	0	4
	<u>2022</u>	1	0	0	0	0	0	1
	<u>2023</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
New York	<u>2021</u> <u>020</u>	1	0	0	0	0	<u>0</u>	<u>4</u>
	<u>2024</u>	4	0	0	0	0	4	0
	<u>2022</u>	0	1	0	0	0	0	1
	<u>2023</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
North Carolina	<u>2021</u> <u>020</u>	<u>2</u>	0	0	0	0	<u>4</u>	1
	<u>2024</u>	4	0	0	0	0	0	4
	<u>2022</u>	1	0	0	0	0	0	1
Ohio	<u>2020</u> <u>023</u>	<u>3</u>	<u>0</u>	0	0	0	<u>4</u>	2

Ohio	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
	2023	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>
Oregon	<del>2021</del> <del>2020</del>	0	<u>0</u>	0	0	0	0	<u>0</u>
	2024	0	4	0	0	0	0	4
	2022	1	0	0	0	0	0	1
	2023	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
South Carolina	<del>2021</del> <del>2020</del>	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
	2023	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>
Tennessee	<del>2021</del> <del>2020</del>	2	0	0	0	0	<u>0</u>	<u>2</u>
	2024	2	0	0	0	0	4	4
	2022	1	1	0	0	0	0	2
	2023	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>
Texas	<del>2021</del> <del>2020</del>	5	0	0	0	0	0	5
	2024	5	0	0	0	0	0	5
	2022	5	1	0	0	0	0	6
Utah	<del>2020</del> <del>2023</del>	<u>4</u>	0	0	0	0	0	<u>4</u>
Utah	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
Virginia	<del>2021</del> <del>2020</del>	1	0	0	0	0	0	1
	2024	4	0	0	0	0	0	4
	2022	1	0	0	0	0	0	1
	2023	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
Wisconsin	<del>2021</del> <del>2020</del>	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
<b>Total</b>	<del>2020</del> <del>2023</del>	<b><u>43</u></b>	<b><u>4</u></b>	0	0	0	<b><u>4</u></b>	<b><u>40</u></b>
<b>Total</b>	2021	<b>40</b>	<b>4</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>2</b>	<b>40</b>
	2022	<b><u>42</u></b>	<b>7</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>46</b>
	2023	<b><u>46</u></b>	<b><u>6</u></b>	<b><u>0</u></b>	<b><u>0</u></b>	<b><u>0</u></b>	<b><u>0</u></b>	<b><u>52</u></b>

Table No. 4  
 Status of Company Owned Outlets  
 For Years ~~2020~~2021 to ~~2022~~2023

Col. 1 State	Col. 2 Year	Col. 3 Outlets at Start of Year	Col. 4 Outlets Opened	Col. 5 Outlets Reacquired from Franchisees	Col. 6 Outlets Closed	Col. 7 Outlets Sold to Franchisees	Col. 8 Outlets at End of the Year
<del>Florida</del> Calif ornia	<del>2021</del> 202 0	40	0	0	0	0	40
	2024	4	0	2	0	0	3
	2022	30	0	0	0	0	30
Nevada	<del>2020</del> 202 3	20	01	0	0	0	21
<del>Florida</del>	2021	21	0	02	0	0	23
	2022	3	0	0	0	0	3
	2023	3	1	0	0	0	4
<del>Nevada</del>	2021	2	0	0	0	0	2
	2022	2	0	0	0	0	2
	2023	2	0	0	0	0	2
South Carolina	<del>2021</del> 202 0	1	0	0	0	0	1
	<del>2022</del> 202 4	1	0	0	0	0	1
	<del>2022</del> 202 3	1	0	0	0	0	1
Tennessee	<del>2021</del> 202 0	0	0	0	0	0	0
	2024	0	0	0	0	0	0
	2022	0	1	0	0	0	1
Total	<del>2020</del> 202 3	41	0	0	0	0	41
<b>Total</b>	2021	4	0	2	0	0	6
	2022	6	1	0	0	0	7
	2023	7	2	0	0	0	9

Table No. 5  
 Projected Openings as of December 31, ~~2022~~2023

Column 1 State	Column 2 Franchise Agreements Signed But Outlet Not Opened	Column 3 Projected New Franchised Outlets in the Next Fiscal Year	Column 4 Projected New Company Owned Outlets in the Next Fiscal Year
<del>Arizona</del> California	40	40	03
CaliforniaColorado	03	01	30

Connecticut	3	<u>21</u>	0
Florida	<u>21</u>	<u>01</u>	<u>42</u>
Georgia	1	1	0
Indiana	1	1	0
MarylandMassachuse tts	<u>44</u>	1	0
North CarolinaMichigan	1	<u>40</u>	0
OhioNorth Carolina	2	<u>21</u>	0
Oregon	3	1	0
South Carolina	<u>01</u>	<u>40</u>	0
Texas	<u>48</u>	<u>25</u>	0
Virginia	<u>1</u>	<u>0</u>	<u>0</u>
Washington	<u>0</u>	<u>0</u>	<u>1</u>
<b>Total</b>	<b><u>1929</u></b>	<b>13</b>	<b><u>46</u></b>

Exhibit E lists the location of each Escapology franchised outlet in our System and each franchisee during our last fiscal year who has had an outlet terminated, canceled, not renewed, or has otherwise voluntarily or involuntarily ceased to do business under the franchise agreement or has not communicated with us within 10 weeks of the date of this Disclosure Document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

No franchisee has signed confidentiality clauses during the last three years.

There are no trademark-specific franchisee organizations associated with the franchise system being offered in this Franchise Disclosure Document.

**ITEM 21: FINANCIAL STATEMENTS**

Attached to this Disclosure Document as Exhibit ~~C~~D are our audited financial statements as of December 31, ~~2020~~2021, December 31, ~~2021~~2022, and December 31, ~~2022~~2023.

Our fiscal year end is December 31.

**ITEM 22: CONTRACTS**

Copies of all proposed agreements regarding the franchise offering are included in Exhibit B. These include our Franchise Agreement and all attachments to it (Trademarks, Territory, Release, ACH Authorization, Collateral Assignment of Lease, Statement of Ownership Interests in Franchisee, Internet Advertising, Social Media, Software, and Telephone Account Agreement). Our Multi-Unit Development Agreement is Included as Exhibit C.

**ITEM 23: RECEIPT**

A receipt in duplicate is attached to this Disclosure Document as Exhibit G. You should sign both copies of the receipt. Keep one copy for your own records and return the other signed copy to Escapology, LLC 11951 International Drive, Suite ~~2D52A~~1, Orlando, Florida 32821.

## EXHIBIT A

### LIST OF STATE FRANCHISE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

This list includes the names, addresses and telephone numbers of state agencies having responsibility for franchising disclosure/registration laws, and serving as our agents for service of process (to the extent that we are registered in their states). This list also includes the names, addresses and telephone numbers of other agencies, companies or entities serving as our agents for service of process.

State	State Agency	Agent for Service of Process
CALIFORNIA	Commissioner of the Department of Financial Protection and Innovation Department of Financial Protection and Innovation 320 West 4 <sup>th</sup> Street, Suite 750 Los Angeles, CA 90013 (213) 576-7505 Toll-free (866-275-2677)	Commissioner of the Department of Financial Protection and Innovation
<u>CONNECTICUT</u>	<u>State of Connecticut</u> <u>Department of Banking</u> <u>Securities &amp; Business Investments Division</u> <u>260 Constitution Plaza</u> <u>Hartford, CT 06103-1800</u> <u>(860) 240-8230</u>	<u>Banking Commissioner</u>
HAWAII	Business Registration Division Department of Commerce and Consumer Affairs 335 Merchant Street, Room 203 Honolulu, HI 96813 (808) 586-2722	Commissioner of Securities of the State of Hawaii
ILLINOIS	Office of Attorney General Franchise Division 500 South Second Street Springfield, IL 62706 (217) 782-4465	Illinois Attorney General
INDIANA	Indiana Secretary of State Securities Division 302 West Washington St., Room E-111 Indianapolis, IN 46204 (317) 232-6681	Indiana Secretary of State 201 State House Indianapolis, IN 46204
MARYLAND	Office of the Attorney General Division of Securities 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360	Maryland Securities Commissioner 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360
MICHIGAN	Michigan Department of Attorney General Consumer Protection Division Antitrust and Franchise Unit 670 Law Building Lansing, MI 48913 (517) 373-7117	Michigan Department of Commerce, Corporations and Securities Bureau

State	State Agency	Agent for Service of Process
MINNESOTA	Minnesota Department of Commerce 85 7 <sup>th</sup> Place East, Suite 280 St. Paul, MN 55101-2198 (651) 539-1500	Minnesota Commissioner of Commerce
NEW YORK	<del>New York State</del> NYS Department of Law Investor Protection Bureau 28 Liberty Street, 21 <sup>st</sup> Floor New York, NY 10005 (212) 416-8222 Phone <del>(212) 416-6042 Fax</del>	Attention: New York Secretary of State New York Department of State One Commerce Plaza 99 Washington Avenue, 6 <sup>th</sup> Floor Albany, NY 11231-0001 (518) 473-2492
NORTH DAKOTA	North Dakota Securities Department 600 East Boulevard, 5 <sup>th</sup> <u>State Capitol, 14<sup>th</sup> Floor, Dept. 414</u> Bismarck, ND 58505-0510 (701) 328-4712	North Dakota Securities Commissioner
<u>OREGON</u>	<u>Department of Consumer and Business Services</u> <u>Division of Finance and Corporate Labor and</u> <u>Industries Building</u> <u>Salem, Oregon 97310</u> <u>(503) 378-4387</u>	<u>Director of the Department of</u> <u>Consumer and Business Services</u>
RHODE ISLAND	Department of Business Regulation Division of Securities 1511 Pontiac Avenue, Building 69-1 Cranston, RI 02920 (401) 462-9585	Director of Rhode Island Department of Business Regulation
SOUTH DAKOTA	Division of Insurance Securities Regulation 124 South Euclid, Suite 104 Pierre, SD 57501 (605) 773-3563	Director of <del>South Dakota</del> <del>Division of Insurance</del> Securities Regulation
VIRGINIA	State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9 <sup>th</sup> Floor Richmond, VA 23219 (804) 371-9051	Clerk of State Corporation Commission 1300 East Main Street, 1 <sup>st</sup> Floor Richmond, VA 23219 (804) 371-9733
WASHINGTON	Department of Financial Institutions Securities Division P.O. Box <del>90334</del> 1200 Olympia, WA <del>98507-9033</del> 98504-1200 (360) 902-8760	Director of Washington Financial Institutions Securities Division 150 Israel Road, SW Tumwater, WA 98501
WISCONSIN	Wisconsin Securities Commissioner Securities and Franchise Registration 345 W. Washington Avenue Madison, WI 53703 (608) 266-8559	Commissioner of Securities of Wisconsin

**EXHIBIT B**  
**FRANCHISE AGREEMENT**

**ESCAPOLOGY, LLC**

**FRANCHISE AGREEMENT  
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2- Territory

3 - ~~Release~~

4—ACH Authorization

54 - Collateral Assignment of Lease

65 -Statement of Ownership Interests in Franchisee

76 - Internet Advertising, Social Media, Software, and Telephone Listing Agreement

87 – Guaranty

98- Confidentiality and Non-Compete Agreement

THIS FRANCHISE AGREEMENT (the “Agreement”) is being entered into this day of \_\_\_\_\_ (the “Effective Date”), by and between Escapology, LLC, a Florida limited liability company, with its principal place of business at 11951 International Drive, #2D5, Orlando, Florida 32821 (herein “Franchisor”), and \_\_\_\_\_, a(n) \_\_\_\_\_, with its principal place of business located at \_\_\_\_\_, and \_\_\_\_\_’s principal(s) \_\_\_\_\_, an individual, residing at \_\_\_\_\_, and \_\_\_\_\_, an individual, residing at \_\_\_\_\_ (“Principal(s)”). \_\_\_\_\_ and Principal(s) shall be collectively referred to in this Agreement as the “Franchisee”.

## RECITATIONS

Through the expenditure of considerable time, effort and money, Franchisor has developed and established a physical adventure game in which players solve a series of puzzles and riddles using clues, hints, and strategy to complete the objectives at hand using the trademark “Escapology”, and using Franchisor’s confidential operations manual (“Manual”) of business practices and policies, and Franchisor’s distinctive, décor, fixtures and furnishings, operations methods, sales techniques, inventory, procedures for management control and training, assistance, advertising, and promotional programs, all of which may be changed, improved or further developed by Franchisor at any time (taken together herein the “System”).

The System is identified by certain trade names, service marks, trademarks, logos, emblems and indicia of origin, including but not limited to the marks Escapology service mark, as set forth in Attachment 1, and such other trade names, service marks, and trademarks as are now designated and may hereafter be designated or substituted by Franchisor for use in connection with the System (the “Marks”).

Franchisor continues to develop, use, and control the use of such Marks in order to identify for the public the source of services and products marketed under the Marks and the System and to represent the System’s high standards of quality, appearance, and service.

Franchisee understands and acknowledges the importance of Franchisor’s high and uniform standards of quality, service, and appearance, and the necessity of operating the business franchised hereunder in conformity with Franchisor’s standards and specifications.

NOW, THEREFORE, the parties, in consideration of the promises, undertakings and commitments of each party to the other set forth herein, and intending to be legally bound hereby, mutually agree as follows:

### 1. RECITATIONS

The Recitations set out above form part of this Agreement.

### 2. GRANT OF FRANCHISE

Franchisor hereby grants to Franchisee and Franchisee accepts, upon the terms and conditions contained in this Agreement, the license to operate a Escapology franchise (the “Franchise” or “Franchised Business”), using only the Marks licensed hereunder, in strict conformity with the System, which may be changed, improved and further developed by Franchisor from time to time. This grant applies only to a single location within a territory that is designated in Attachment 2 attached hereto and incorporated herein (the “Territory”).

### **3. TERRITORY**

3.1 Territory. This Agreement grants Franchisee the right to operate the Franchised Business at a single location within the Territory. You are required to find and obtain possession of a specific location for your Franchised Business that meets our site selection criteria and our approval. Your Territory is located in all or a portion of a listed town, city, or county, and is identified by a marked map and/or list of one or more contiguous zip codes. Your Territory will be identified and attached to your Franchise Agreement as Attachment 2.

Subject to Section 3.2 below, Franchisor agrees that during the Term of this Agreement, Franchisor will not operate, and will not authorize any other franchisees to operate, a Escapology outlet in the Territory using the same Marks as licensed to Franchisee in this Agreement so long as Franchisee is not in default under this Agreement or this Agreement has not expired or been terminated. Except as otherwise specified in this Agreement, Franchisor reserves the right to open, operate or franchise Escapology franchises bordering and adjacent to the Territory. Franchisee will be selling its products and services from a single location that will be determined by Franchisee with Franchisor's prior written approval, which may be withheld or denied in Franchisor's sole discretion. Franchisee is prohibited from selling to and soliciting customers through alternative distribution channels as more fully specified herein.

3.2 Reservation of Rights. Franchisee understands and agrees that all rights to any businesses, other than as specified in this Agreement, are fully reserved to Franchisor within or outside of the Territory. By way of example only, Franchisor reserves the rights to offer (i) other products or services not offered under the Marks, (ii) other concepts under the Marks or other trademarks, and (iii) products or services through any channel in the Territory other than a dedicated Escapology outlet, such as distribution through the internet ("Alternate Distribution Channels"). Franchisee will receive no compensation for Franchisor's sales through Alternate Distribution Channels made within the Territory, except as may be set forth in the Manual. Franchisee agrees that such implementation of Franchisor's rights pursuant to this Section 3.2 is deemed not to impair or injure Franchisee's rights pursuant to Section 2 hereof.

### **4. TERM**

Unless terminated earlier in accordance with the terms set forth in this Agreement, this Agreement and the Franchise granted hereunder shall commence upon the Effective Date set forth above, and terminate on the date that is ten (10) years following the Opening Date, as defined in Section 8 hereof (the "Term").

### **5. SUCCESSOR AGREEMENT OPTIONS**

Subject to the terms and conditions of this Agreement, Franchisee shall have the right, following the expiration of the Term hereof, to enter into a new franchise agreement and other agreements then customarily employed by Franchisor and in the form then generally being offered to prospective franchisees in the state in which the Territory is located (the "Successor Franchise Agreement") for two (2) additional five (5) year term. The term of such Successor Franchise Agreement shall commence upon the date of expiration of the immediately preceding term. Franchisee shall be charged a successor agreement fee of Five Thousand Dollars (\$5,000).

5.1 Form and Manner of Successor Agreement. If Franchisee desires to exercise Franchisee's option to enter into a Successor Franchise Agreement, it shall be done in the following manner:

5.1.1 Not less than ninety (90) days prior to the expiration of the Term of this Agreement, Franchisee shall request from Franchisor in writing, a copy of Franchisor's then-current Disclosure Document (including Franchisor's then-current franchise agreement).

5.1.2 Franchisee must execute and return to Franchisor all required documents, including any and all ancillary documents, within thirty (30) days after receipt by Franchisee of a copy of Franchisor's then-current Disclosure Document.

5.1.3 The Successor Franchise Agreement shall supersede this Agreement in all respects, and Franchisee understands and acknowledges that the terms of such new agreement may differ from the terms of this Agreement, including, without limitation, higher or lower royalty and other fees.

5.1.4 If Franchisee fails to perform any of the acts, or deliver any of the notices required pursuant to this Paragraph 5 in a timely fashion, such failure shall be deemed an election by Franchisee not to exercise Franchisee's option to enter into the Successor Franchise Agreement, and such failure shall cause Franchisee's right and option to automatically lapse and expire, without further notice by Franchisor.

5.1.4.1 Franchisee acknowledges that the initial Term of this Agreement provides Franchisee more than a sufficient opportunity to recoup Franchisee's investment in the Franchise, as well as a reasonable return on such investment.

5.2 Conditions of Successor Agreement. Franchisee's right to enter into a Successor Franchise Agreement is conditioned upon the following:

5.2.1 Franchisee shall be in full compliance with this Agreement and shall have materially performed Franchisee's obligations under this Agreement, the Manual and under all other agreements that may be in effect between Franchisee and Franchisor, including but not limited to all monetary obligations.

5.2.2 Franchisee shall not have committed three (3) or more events constituting default during the then-current Term of this Agreement, whether or not such defaults were cured.

5.2.3 Franchisee will have completed any required additional training to Franchisor's reasonable satisfaction.

5.2.4 Franchisee shall have obtained the right to continue to occupy the premises of the Franchised Business following the expiration of the Term hereof for the full term of the Successor Franchise Agreement and/or have received Franchisor's approval regarding locating the Franchised Business at a new location.

5.2.5 Franchisee shall execute a general release of all claims Franchisee may have against Escapology, LLC, its parent, subsidiaries and affiliates, its officers, directors, shareholders, agents, and employees, whether in their corporate and/or individual capacities, in the form attached ~~hereto as Attachment 3~~ as an Exhibit to the Franchise Disclosure Document. This release will include all claims arising under any federal, state, or local law, rule, or ordinance.

5.2.6 Franchisee performs such remodeling, repairs, replacements and redecoration as Franchisor may require in order to cause the Franchised Business premises, equipment, fixtures, furnishings and furniture to conform to the plans and specifications being used for new or remodeled franchised businesses at the time of the successor term.

5.2.7 Franchisee shall pay the required successor agreement fee and sign the Successor Franchise Agreement.

5.3 Notice Required by Law. If applicable law requires Franchisor to give notice to Franchisee prior to the expiration of the Term, this Agreement shall remain in effect on a month-to-month basis until Franchisor has given the notice required by such applicable law. If Franchisor is not offering new Escapology franchises, is in the process of revising, amending or renewing Franchisor’s form of franchise agreement or disclosure document, or Franchisor is not lawfully able to offer Franchisee the then- current form of Successor Franchise Agreement at the time Franchisee advises Franchisor pursuant to Paragraph 5.2 hereof that Franchisee desires to exercise Franchisee’s option to enter into a Successor Franchise Agreement, Franchisor may, in Franchisor’s sole discretion, (i) offer to renew this Agreement upon the same terms set forth herein for the appropriate successor term or (ii) offer to extend the Term hereof on a month-to-month basis following the expiration of the Term for as long as Franchisor deems necessary or appropriate so that Franchisor may lawfully offer the then-current form of Successor Franchise Agreement. Any timeframes specified in this Paragraph 5 shall be inclusive of any state mandated notice periods.

5.4 Additional Reservation of Rights. Notwithstanding anything herein to the contrary, Franchisor reserves the right not to enter into a Successor Franchise Agreement for this Franchise as a result of a decision to withdraw from a marketing area or the Territory in which Franchisee’s Franchised Business is located.

## 6. FEES

6.1 Initial Franchise and Royalty Fee. As part of the consideration for the right to operate the Franchise granted herein, Franchisee shall pay to Franchisor the following fees:

6.1.1 Initial Franchise Fee. Franchisee acknowledges that the grant of this franchise and the rights and obligations of the parties under this Agreement constitute the sole and only consideration for the initial franchise fee of ~~Thirty Seven Thousand Five Hundred Dollars (\$37,500.00)~~ Forty Five Thousand Dollars (\$45,000.00). Currently, the Initial Franchise requires the Franchisee to open the franchised business with eight (8) games within the Facility. The Initial Fee is fully earned at the time this Franchise Agreement is signed and is not refundable under any circumstances. Franchisee shall pay the full amount of the Initial Fee to Franchisor upon Franchisee’s execution of this Agreement.

~~6.1.2~~ 6.1.2 Additional Game Fee. Currently \$5,000 per Additional Game. Franchisor may require Franchisee to purchase additional games prior to opening the Franchised Business, to be determined at the execution of this Agreement. Franchisee may also choose to pay this fee without the Franchisor’s requirement if the Franchisee desires to include additional games at the Franchised Business. Franchisee shall pay this fee at the same time as the Initial franchise Fee as detailed in Section 6.1.1

6.1.3 Royalty Fee. Franchisee agrees to pay Franchisor, throughout the term, a royalty fee (“Royalty Fee”) equal to six percent (6%) of Gross Sales, subject to the monthly Minimum Royalty set forth below:

<b>MONTHS OF OPERATION</b>	<b>MONTHLY MINIMUM ROYALTY FEE</b>
1 to 18 months	\$1,000 per month
19 to 36 months	\$2,000 per month
37+ months	\$3,000 per month

The term “Gross Sales” means the aggregate of all revenues, sales and other incomes of Franchisee from whatever source derived, regardless of whether collected by Franchisee or collected in the form of check, cash, credit or otherwise, arising out of, in connection with or relating to the Franchised Business, including, without limitation, (a) income from the sale of any products or other items, including gift cards; (b) income from any services provided; (c) income from all customer bookings; (d) all proceeds from any business interruption insurance, but excluding (i) all refunds and discounts made in good faith to a customer; (ii) any sales, use retail sales and equivalent taxes which are collected by Franchisee for on behalf of any governmental or other public body and actually remitted to such body; and (iii) the value of any coupon, voucher or other allowance authorized by Franchisor and issued or granted to customers of Franchised Business which is received or credited by Franchisee in full or partial satisfaction of the price of any product or service offered in connection with the Franchised Business. In Franchisor’s discretion, upon notice to Franchisee, Gross Sales may be revised to exclude gift card purchases at the time of purchase, and instead include the redemption amount of purchases made by gift card as part of Gross Sales.

6.1.34 Gross Sales Reports. Franchisee shall, on the fifth calendar day following the close of each calendar month, furnish Franchisor with a report verifying Franchisee’s Gross Sales at or from the Franchised Business and/or made pursuant to the rights granted hereunder during the preceding month (the “Gross Sales Report”). The Gross Sales Report shall be in such form and shall contain such information as Franchisor may from time to time prescribe. At Franchisor’s option, Franchisee shall submit, or grant Franchisor access to, the Gross Sales Report by an electronic transfer of data via the Computer System at the times and interims then specified by Franchisor. If we do not receive such a report from you within those 5 calendar days, we will send you an email with our system report of the total number of reservations for that month and the amount that will be invoiced. You will have 48 hours to respond to this email - you can comply with it or send us an adjusted report. After the 48 hours (2 calendar days) expire, we will send you the invoice with a due date of two weeks (14 calendar days.) Interest and late fees will apply to any late payments or electronic funds transfer requests denied due to insufficient funds.

6.1.45 Method of Payment. Franchisee shall, together with the submission of the Gross Sales Report, pay Franchisor the Royalty Fee and the Innovation Fund Contribution, as defined and more particularly described in Article 13, then due. At Franchisor’s request, Franchisee must execute documents, including but not limited to, the ACH Authorization attached as Attachment 43, that allow Franchisor to automatically take the Royalty Fee and Innovation Fund Contribution due as well as other sums due Franchisor, from business bank accounts via electronic funds transfers or Automated Clearing House (“ACH”) payments. Franchisee’s failure to allow electronic funds transfers or ACH payments on an ongoing basis is a material breach of this Agreement. If Franchisee fails to timely report Gross Sales, then, in addition to a late fee and interest pursuant to Sections 6.2 and 6.3 hereof, Franchisor shall collect one hundred twenty percent (120%) of the last Royalty Fee payable. Franchisor shall reconcile amounts when Gross Sales are reported. Franchisor reserves the right to modify the method and frequency of collection of the Royalty Fee and Innovation Fund Contribution upon forty-five (45) days’ prior notice to Franchisee.

6.2 Per Player Licensed Game Fee. Currently \$1.50 to \$3.50 per player due monthly, to be paid at the same time and manner as the Royalty Fee. This amount will vary based on the Licensed Game that is installed at your Escapology outlet. In Franchisor’s sole discretion, Franchisor may increase this fee and will provide ninety (90) days notice upon this increase.

6.3 Late Fee. If the Royalty Fee, Innovation Fund Contribution, or any Gross Sales Reports are not received by Franchisor as required by this Agreement, Franchisee shall pay to Franchisor, in addition to the overdue amount, a late fee of Two Hundred Fifty Dollars (\$250.00). This late fee is reasonably related to Franchisor’s costs resulting from the delay in payment and/or receipt of any report, is not a penalty, and is in addition to any other remedy available to Franchisor under this Agreement for

Franchisee's failure to pay the Royalty Fee, the Innovation Fund Contribution, and/or submit Gross Sales Reports in accordance with the terms of this Agreement.

6.4 Interest. Any and all amounts that shall become due and owing from Franchisee to Franchisor under the terms hereof shall bear interest from the date due until paid at the rate of eighteen percent (18%) per annum or at the highest rate permitted by law, whichever is lower.

6.5 Email Address and Google App Technology Fee. Currently \$10499 per month/~~per email address~~, due monthly, on the first work week following the close of each calendar month. This ~~Email Address and Google App Technology~~ fee will go directly towards providing and maintaining the required email addresses as well as providing additional features as the system evolves, services to include but not limited to : email accounts, POS software, internal CRM, Social Sentiment Track and In-Venue Music subscriptions. Franchisor reserves the right to increase in an amount that Franchisor reasonably determines. ~~In Franchisor's sole discretion, Franchisor may (i) increase the amount of the Email Address and Google App fee or (ii) replace the email and app requirement with different provider, developed by Franchisor or a third-party, and Franchisee shall pay the then-current fees for the replacement technology and for continuous access thereto. Franchisee shall pay the Email Address and Google App Technology Fee in the manner and frequency as Royalty Fee and Innovation fund.~~

6.6 Booking and Point of Sale Platform Fee. Currently \$149 due monthly, to be paid at the same time and manner as the Royalty Fee. This amount will vary based on the booking and Point of Sale platform that will be in use in your Franchised Business, Franchisor may increase this fee and will provide ninety (90) days notice upon this increase.

6.7 Non-Sufficient Funds Fee. In the event any of Franchisee's checks are returned, or an electronic funds transfer from Franchisee's bank account is denied, for insufficient funds, Franchisee shall pay Franchisor, in addition to the amount due, a non-sufficient funds fee of Thirty Dollars (\$30.00) per occurrence. This non-sufficient funds fee is reasonably related to Franchisor's costs resulting from the delayed and declined payment, is not a penalty, and is in addition to any other remedy available to Franchisor under this Agreement.

6.8 Taxes. If any sales, excise, use or privilege tax is imposed or levied by any government or governmental agency on Franchisor for any Royalty Fee, Innovation Fund Contribution or other fees due and payable to Franchisor under this Agreement, Franchisee shall pay Franchisor a sum equal to the amount of such tax.

## 7. TRAINING.

7.1 Initial Management Training Program. Franchisee (specifically including all Franchisee's principals) and Franchisee's general manager shall attend and complete to Franchisor's sole and absolute satisfaction, Franchisor's initial management training program ("Initial Management Training Program") at least four (4) weeks (but no more than twelve (12) weeks, prior to the opening of the Franchised Business. The Initial Management Training Program consists of a course conducted at one of the Franchisor's headquarters and/or affiliated owned or franchised outlet and virtually. Franchisor reserves the right to designate an alternate location for the any component of the Initial Management Training Program. Franchisee must at all times during the term of this Agreement have principals who have successfully completed the Initial Management Training Program to Franchisor's sole and complete satisfaction. No charge shall be made for up to three (3) individuals to attend the Initial Management Training Program prior to opening the Franchised Business ("Initial Trainees"). Notwithstanding the foregoing, Franchisee shall be required to pay all of the expenses of the Initial Trainees, including, without limitation, costs of travel, lodging, meals and wages.

7.2 Satisfactory Completion. Franchisor shall determine, in Franchisor's sole discretion, whether the Initial Trainees have satisfactorily completed the Initial Management Training Program. If the Initial Management Training Program is not satisfactorily completed or if Franchisor, in Franchisor's reasonable business judgment based upon the performance of the Initial Trainees, determines that the Initial Management Training Program cannot be satisfactorily completed by Franchisee and Franchisee's Principal(s), Franchisor may terminate this Agreement.

7.3 Opening Assistance. Immediately prior to the opening of the Franchised Business, Franchisor shall provide Franchisee with opening assistance by a trained representatives of the Franchisor. The trainers will provide on-site opening training, supervision, and assistance to Franchisee for two (2) days. The current estimated cost is Five Hundred Dollars (\$500). Your costs will depend on the number of people, their point of origin, method of travel, and living expenses. We cover only the wages of the trainer(s.)

7.4 Additional Training. Franchisor may offer mandatory and/or optional additional training programs from time to time. If required by Franchisor, Franchisee, or Franchisee's Principals shall participate in the following additional training:

- (i) on-going training on location designated by Franchisor; and
- (ii) an annual national business meeting or convention for up to three (3) days at a location designated by Franchisor.

Franchisor reserves the right to impose a reasonable fee for all additional training programs. Franchisee shall be responsible for any and all incidental expenses incurred by Franchisee or Franchisee's personnel in connection with additional training or attendance at Franchisor's national business meeting or annual convention, including, without limitation, costs of travel, lodging, meals and wages. Franchisee's failure to attend and/or complete mandatory additional training or failure to attend Franchisor's national business meeting or annual convention is a default of this Agreement. Franchisee or Franchisee's principal(s) shall be required to (i) pay a non-attendance fee and (ii) obtain any missed mandatory additional training at a location Franchisor designates. Franchisee shall pay all costs and expenses for such additional training, including but not limited to, tuition at the then-current rate and any and all transportation, meals and lodging of Franchisee, Franchisee's principal and Franchisor's training personnel. Franchisee shall pay to Franchisor any incurred expenses by Franchisor's training personnel within ten (10) days of Franchisor's billing thereof to Franchisee.

7.5 On-Site Remedial Training. Upon Franchisee's reasonable request or as Franchisor shall deem appropriate, Franchisor shall, during the term hereof, subject to the availability of personnel, provide Franchisee with additional trained representatives who shall provide on-site remedial training and assistance to Franchisee's personnel at the Franchised Business location. For any additional on-site training and assistance, Franchisee shall pay the per diem fee then being charged to franchisees under the System (Currently \$500 per day) for the services of such trained representatives, plus their costs of travel, lodging, and meals.

7.6 Counseling and Assistance. In addition to visits by Franchisor's field representatives, as Franchisor deems appropriate, Franchisor shall, within reasonable limits and subject to the availability of Franchisor's personnel, upon Franchisee's request and at no charge, unless such assistance is provided at the Franchised Business pursuant to Section 7.5, furnish consultation and assistance to Franchisee, either in person or by telephone, video conferencing, electronic communications, mail or postal service, as determined by Franchisor, in Franchisor's sole discretion, with respect to the operation of the Franchised Business, including

consultation and advice regarding training, marketing, operation issues, purchasing and inventory control, bookkeeping and System improvements.

## **8. FRANCHISED LOCATION REQUIREMENTS**

### **8.1 Site Selection.**

8.1.1 Franchisee assumes all cost, liability, expense and responsibility for obtaining and developing a site for the Franchised Business within the Territory and for constructing and equipping the Franchised Business at such site. Franchisee shall not make any binding commitment to a prospective vendor or lessor of real estate with respect to a site for the Franchised Business unless the site location is approved by Franchisor. While Franchisor may render assistance to Franchisee in the selection of a site, as set forth in Section 8.1.2 below, Franchisee has sole responsibility for procuring and developing a site for the Franchised Business and Franchisee may and is encouraged to consult with professionals of Franchisee's choosing in discharging such responsibility. Franchisee acknowledges that Franchisor's approval of a prospective site location is permission only, does not constitute a representation, promise, warranty or guarantee, express or implied, by Franchisor that the Franchised Business operated at that site will be profitable or otherwise successful, and cannot, and does not, create a liability for Franchisor. Franchisee releases Franchisor from any claims over the site location selection and evaluation by Franchisor, and Franchisee shall hold Franchisor harmless with respect to Franchisee's selection of the site for the Franchisee's Franchised Business.

8.1.2 Franchisee shall locate a site that satisfies the site selection guidelines provided to Franchisee by Franchisor and shall submit to Franchisor, in writing, a description of the site, together with written certification the site complies with Franchisor's site selection guidelines, and such other information and materials as Franchisor may reasonably require. Recognizing that time is of the essence, Franchisee shall submit such information and materials for a proposed site to Franchisor for its consent no later than sixty (60) days after the execution of this Agreement. Franchisor shall have thirty (30) business days after receipt of this information and materials to consent, in its sole and absolute discretion, to the proposed site as the location for the Franchised Business. No site may be used for the location of the Franchised Business unless it is consented to in writing by Franchisor.

8.1.3 Within one hundred eighty (180) days after Franchisor has consented to the site for the Franchised Business (or such longer period as Franchisor consents to in writing), Franchisee shall execute a lease therefor, as applicable, and obtain physical possession of the premises. Any lease must include Franchisor's Collateral Assignment of Lease Agreement, a copy of which is attached hereto as Attachment 54. Failure by Franchisee to acquire the site for the Franchised Business within the time and in the manner required herein shall constitute a material event of default under this Agreement.

8.1.4 Upon consent by Franchisor to the location for the Franchised Business, Franchisor shall set forth the location and Territory in Attachment 2 of this Agreement and shall provide a copy thereof to Franchisee. Attachment 2, as completed by Franchisor, shall be incorporated herein and made a part hereof. Franchisee shall notify Franchisor within fifteen (15) days of any error or rejection of Attachment 32; otherwise, the Attachment 2 provided to Franchisee shall be deemed final.

### **8.2 Construction.**

8.2.1 Franchisee shall be responsible for obtaining clearances that may be required by state or local laws, ordinances or regulations or that may be necessary as a result of any restrictive covenants or regulations relating to the Franchised Business premises; including but not necessarily limited to restrictions on construction materials, electrical installations, restrooms, accessibility and signage. Prior to

beginning the construction of the Franchised Business, Franchisee shall (a) obtain all permits, licenses, insurance and certifications required for the lawful construction or remodeling and operation of the Franchised Business, including, but not limited to, permits for the installation of signage, and (b) certify in writing to Franchisor that all required approvals, clearances, permits, insurance and certifications have been obtained.

8.2.2 Franchisee must pay our then-current Facility Design Fee once all clearances are obtained and construction begins on the Escapology Facility. The Franchisor's designer will provide several materials that will assist in the effective and efficient design of the facility. These materials include but are not limit to CAD floor plans, architectural layouts and customer flow designs. Our current Facility Design Fee is equal to Ninety Nine Dollars (\$99) per hour and each service takes approximately eight (8) hours.

8.2.3 During the time of construction or remodeling, Franchisee shall provide Franchisor, or its designated representative, with such periodic reports regarding the progress in obtaining all licenses and permits; and of the construction or remodeling as may be reasonably requested by Franchisor or its representative. In addition, Franchisor or its representative may make such on-site inspections as it may deem reasonably necessary to evaluate such progress. At least thirty (30) days prior to completion of the construction or remodeling, Franchisee shall notify Franchisor of the scheduled date for completion of construction or remodeling. Within a reasonable time after the date of completion of construction or remodeling, Franchisor or its representative may, at its option, conduct a virtual or in-person inspection of the completed Franchised Business.

8.2.4 Franchisee acknowledges and agrees that throughout the term of this Agreement, the Escapology Facility shall have no less than five (5) games and the site shall be constructed in accordance with this requirement.

8.2.5 Franchisee acknowledges and agrees that it will not open the Franchised Business for business without the written authorization of Franchisor and that authorization to open shall be conditioned upon Franchisee's strict compliance with this Agreement.

8.3 Time to Open. Franchisee acknowledges that time is of the essence in this Agreement. Subject to Franchisee's compliance with the conditions stated below, Franchisee shall open the Franchised Business and commence business within twelve (12) months after Franchisee has obtain possession of the Franchised Business premises, unless Franchisee obtains a written extension of such time period from Franchisor. The date the Franchised Business opens for business to the public shall be defined herein as the "Opening Date". Prior to the Opening Date, Franchisee shall (i) complete all exterior and interior preparations for the Franchised Business, including installation and cleaning of equipment, fixtures, furnishings and signs, in accordance with System requirements and the plans and specifications consented to by Franchisor, (ii) satisfactorily complete Franchisor's Initial Management Training Program, as further set forth in Article 7, (iii) hire and train staff, as required, (iv) purchase and stock initial inventory, and (v) obtain all required licenses to operate the Franchised Business. If Franchisee fails to comply with any of such obligations, Franchisor shall have the right to prohibit Franchisee from opening for business. Franchisee's failure to open the Franchised Business and commence business (i) in accordance with the foregoing and (ii) within three hundred sixty-five (365) days following the date of this Agreement shall be deemed a material event of default under this Agreement.

8.3.1 In the event that the Franchisee is unable to commence business within the twelve (12) months as detailed in Section 8.3, Franchisee is to request an extension and will pay the Extension Fee equal to Five Thousand Dollars (\$5,000) to be paid upon acceptance of the extension by the Franchisor. The length of the granted extension will be granted on a case by case basis and will be determined by the Franchisor.

8.4 No Relocation. Franchisee's rights to operate the Franchised Business shall be limited to the Territory set forth in Attachment 2, and no other. Franchisee shall not relocate the premises of the Franchised Business at any time without Franchisor's written approval, which approval shall be granted only in the sole and complete discretion of Franchisor, and, if permitted, shall be at Franchisee's sole expense. In the event such permission is granted, Franchisee shall (i) pay a relocation fee equal to Five Thousand Dollars (\$5,000) or Franchisor's actual costs, whichever is greater, (ii) secure and outfit the replacement premises in accordance with Sections 8.1 and 8.2 within one hundred twenty (120) days of Franchisor's consent, (iii) if feasible, continue to operate at the original premises during the construction of the replacement premises, and (iv) upon relocation, remove any signs or other property from the original Franchised Business premises which identified the original Franchised Business premises as part of the System. Failure to comply with the foregoing requirements shall be a default of this Agreement. Franchisor shall issue a revised Attachment 2, in accordance with Section 8.1.4, to reflect the address of the new Franchised Business location and, in Franchisor's sole discretion, any adjustment to the Territory.

## **9. MAINTENANCE AND IMPROVEMENT OF THE FRANCHISED LOCATION AND SYSTEM**

9.1 Maintenance of Franchised Business Location. Franchisee shall equip and maintain the Franchised Business location to the standards of décor, air quality, sanitation, repair and condition required by Franchisor, which standards are specified in the Manual and other written directives, standards and specifications. Franchisee, at Franchisee's expense, shall make such additions, alterations, repairs, refurbishing and replacements as may be required to comply with Franchisor's standards, including, without limitation, periodic repainting and repairs or replacement of worn or impaired décor, materials, furniture, fixtures, equipment, and signage as Franchisor may direct.

9.2 Inspections. Franchisee shall operate and maintain the Franchised Business and Franchised Business location in conformance with all regulations and best practices for construction and maintenance of the escape rooms, and in a manner that will ensure the highest rating possible for businesses of like kind from the governmental authorities that may inspect such businesses in the Territory. Franchisee shall submit to Franchisor a copy of any inspection reports. It shall be a default of this Agreement if, upon inspection, Franchisee does not obtain such rating or if Franchisee fails to operate in accordance with the general standards of quality, maintenance, repairs, cleanliness and sanitation required by the System, and Franchisor may, at its option, terminate this Agreement.

9.3 Equipment and Technology Updates. Franchisee shall make any and all upgrades to equipment, including but not limited to, design, display and games, and computer hardware and software, and any technology used in conjunction therewith, as Franchisor requires in its sole and absolute discretion.

9.4 Venue Expansion. During the course of the term of this Agreement, Franchisee may deem it necessary to expand the size of their Escapology Facility. If the Franchisee wishes to expand the facility they must submit a request to the Franchisor and pay the then-current Venue Expansion fee. The current Venue Expansion fee is equal to Five Thousand Dollars and is due upon submitting the Expansion Request. The Franchisor must approve the expansion prior to proceeding. The Franchisor will not unreasonably withhold approval and will advise of approval in the same timeframe and manner as a Relocation of the Facility as outlined in Section 8.4

### **9.5 Trade Dress Modifications.**

9.5.1 Franchisee is aware that to maintain and improve the image and reputation of the System, Franchisor, in its sole and absolute discretion, may change and modify identifying elements of the

System, including but not limited to, the adoption and use of new exterior building designs, new interior decors, new color schemes, new or modified marks, and new furnishings (collectively, “Trade Dress Modifications”).

~~9.5.2 Beginning the fourth year of operation of the Facility, and every other year thereafter, Franchisor will require Franchisee to replace at least one game from the current game catalogue of the Facility. Franchisee will be expected to pay our then current New Game Fee. Currently the New Game is equal to Five Thousand Dollars (\$5,000) per game.~~

~~9.5.3~~9.5.2 at Franchisor’s request, Franchisee shall refurbish the Franchised Business location at Franchisee’s sole expense, as required by Franchisor, to conform to Trade Dress Modifications. This includes, without limitation, structural changes, remodeling, redecoration, and modifications to existing improvements. Notwithstanding the foregoing restriction on the frequency of Trade Dress Modifications, Franchisee, upon notice by Franchisor and in accordance with Section 14.6 hereof, shall immediately discontinue the use of any Mark that is no longer desirable or available to Franchisor and substitute a different Mark or Marks as Franchisor directs.

9.5.4~~3~~ Franchisee will accept, use and display any such Trade Dress Modifications as if they were a part of this Franchise Agreement at the time of execution hereof.

9.6 No Liability/Waiver of Claims. Franchisor shall not be liable to Franchisee for any expenses, losses or damages sustained by Franchisee as a result of any of the modifications, including Trade Dress Modifications, required by this Article 9. Franchisee hereby covenants not to commence or join in any litigation or other proceeding against Franchisor or any third party, complaining of any such or seeking expenses, losses or damages caused thereby. Further, Franchisee expressly waives any claims, demands or damages arising from or related to the modifications contemplated by this Article 9, including, without limitation, any claim of breach of contract, breach of fiduciary duty, fraud, and/or breach of the implied covenant of good faith and fair dealing.

9.7 Franchisee Advisory Council. Franchisor reserves the right to create (and if created, the right to change or dissolve) a franchisee advisory council as a formal means for System franchisees to communicate ideas. In the event a franchisee advisory council is created, Franchisor may invite Franchisee to participate in council-related activities and meetings, which invitation may be based on factors, including but not necessarily limited to, a franchisee’s level of success, superior performance and outlet profitability.

## **10. FRANCHISOR’S OBLIGATIONS.**

Franchisor and/or its designated representative will provide the services described below:

10.1 Site Selection Guidelines. Site selection criteria, as Franchisor may deem advisable. Franchisor shall also approve the site in accordance with Section 8.1.2.

10.2 Construction. Provide to Franchisee criteria and specifications for a Escapology Facility. Such criteria and specifications include, but are not necessarily limited to, criteria with respect to requirements for space layout, game design. Franchisee shall independently, and at Franchisee’s expense, have such criteria and specifications incorporated into the construction of the Franchised Business in accordance with Article 8.

10.3 Manual. Provide Franchisee access to the Confidential Operations Manual and such other manuals and written materials as Franchisor may hereafter develop for use by franchisees, as the same may be revised by Franchisor from time to time. Such documents may be provided electronically or via the internet, at Franchisor’s sole and absolute discretion.

10.4 Inspection. Inspection of the Franchised Business to include evaluating your Escape Rooms, services and premises to ensure that they meet our standards rendered therein whenever reasonably determined by Franchisor.

10.5 Pre-Opening Requirements. Provide a written list of equipment, fixtures, furnishings, signage, supplies and products that will be required and/or recommended to open the Franchised Business for business.

10.6 Advertising Materials. Provide samples of certain advertising and promotional materials and information developed by Franchisor from time to time for use by Franchisee in marketing and conducting local advertising for the Franchised Business.

10.7 List of Suppliers. Make available from time to time, and amend as deemed appropriate by Franchisor, required products and services and a list of approved and/or recommended suppliers therefor.

10.8 Training. The training programs specified in Article 7 herein.

10.9 On-Site Assistance. On-site post-opening assistance at the Franchised Business location in accordance with the provisions of Article 7.

10.10 Innovation Fund. Administer an Innovation Fund in accordance with Section 13.3.

## **11. FRANCHISEE'S REPRESENTATIONS, WARRANTIES AND COVENANTS**

11.1 Best Efforts. Franchisee, including each of Franchisee's Principals covenants and agrees that he or she shall make all commercially reasonable efforts to operate the Franchised Business so as to achieve optimum sales.

11.2 Corporate Representations. If Franchisee is a corporation, partnership, limited liability company, or other legal entity, Franchisee and each Principal represent, warrant and covenant that:

11.2.1 Franchisee is duly organized and validly existing under the state law of its formation;

11.2.2 Franchisee is duly qualified and is authorized to do business in the jurisdiction of the Franchised Business location and the Territory;

11.2.3 Franchisee's organizational documents shall at all times provide that the activities of Franchisee are confined exclusively to the operation of the Franchise granted herein, unless otherwise consented to in writing by Franchisor, which consent may be withheld by Franchisor in Franchisor's sole discretion;

11.2.4 The execution of this Agreement and the consummation of the transactions contemplated hereby are within Franchisee's power and have been duly authorized by Franchisee; and

11.2.5 Any financial statements and tax returns provided to Franchisor shall be certified as true, complete and correct and shall have been prepared in conformity with generally accepted accounting principles applicable to the respective periods involved and, except as expressly described in the applicable notes, applied on a consistent basis. No material liabilities, adverse claims, commitments or obligations of

any nature exist as of the date of the statements or returns, whether accrued, unliquidated, absolute, contingent or otherwise, that are not reflected as liabilities.

11.3 Spousal Guaranty. If any Franchisee or Principal is a married individual and the Franchisee's or Principal's spouse has not executed this Agreement, such Franchisee or Principal shall cause his or her spouse to personally execute and bind himself or herself to the terms of a Guaranty, in the form attached as Attachment §7 hereof.

11.4 Appointment of Manager.

11.4.1 Franchisee shall designate and retain at all times a general manager ("General Manager") to direct the operation and management of the Franchised Business outlet. Franchisee shall designate its General Manager prior to attending the Initial Management Training Program. The General Manager shall be responsible for the daily operation of the Franchised Business outlet.

11.4.2 The General Manager shall, during the entire period he or she serves as General Manager, meet the following qualifications:

11.4.2.1 The General Manager shall meet Franchisor's standards and criteria for such individual, as set forth in the Manual or otherwise in writing by Franchisor and shall be an individual otherwise acceptable to Franchisor in its sole discretion.

11.4.2.2 The General Manager shall devote his or her full time and best efforts to the supervision and management of the Franchised Business and may not engage in any other business activity without the Franchisor's consent, which may be withheld in Franchisor's sole discretion.

11.4.2.3 The General Manager shall satisfy the training requirements set forth in Article 7.

11.4.3 If the General Manager is not able to continue to serve in such capacity, or no longer qualifies to act as such in accordance with this Agreement, Franchisee shall promptly notify Franchisor and designate a replacement within thirty (30) days after the General Manager ceases to serve, such replacement being subject to the same qualifications required by this Agreement (including, but not limited to, completing all training and obtaining all certifications required by Franchisor). Until such replacement is designated, Franchisee shall provide interim management of the Franchised Business, who shall act in accordance with the terms of this Agreement. Any failure to comply with the requirements of this Section shall be deemed a material event of default under this Agreement. Franchisor, in its sole discretion, may provide interim management at Franchisor's then-current interim management support fee, plus any and all costs of travel, lodging, meals and other expenses reasonably incurred by Franchisor, and shall be withdrawn from Franchisee's designated bank account in accordance with Section 6.1.4.

11.5 Legal Compliance. Franchisee shall comply with all federal, state and local laws, rules and regulations and shall timely obtain any and all permits, certificates or licenses necessary for the full and proper conduct of the Franchised Business. Such laws, rules and regulations shall include, without limitation, licenses to do business, health and sanitation inspections, if required, fictitious name registrations, sales and other tax permits, fire and police department clearances, Americans With Disability Act compliance, certificates of occupancy, any permits, certificates or licenses required by any environmental federal, state or local law, rule or regulation and any other requirement, rule, law or regulation of any federal, state or local jurisdiction.

11.6 Claims and Potential Claims. Franchisee shall notify Franchisor in writing within three (3) days of any incident or injury that could lead to, or the actual 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 in any way relating to or affecting the operation or financial condition of the Franchised Business. Any and all media inquiries concerning the Franchised Business or Franchised Business location, including, but not limited to, the business operation and incidents and occurrences related to a customer or employee, shall be referred to Franchisor. Neither Franchisee, Franchisee's employees nor anyone on Franchisee's behalf may comment to any broadcast medium, except as directed by Franchisor.

11.7 Assignment of Numbers and Listings. At Franchisor's request, Franchisee shall execute such forms and documents as Franchisor deems necessary to appoint Franchisor its true and lawful attorney-in-fact, with full power and authority, for the sole purpose of assigning to Franchisor, Franchisee's telephone numbers and listings, and provide Franchisor with passwords and administrator rights for all email, software, social media or other such accounts used or created by Franchisee in order to operate the Franchised Business. Upon the expiration or termination of this Agreement, Franchisor may exercise its authority, pursuant to such documents, to obtain any and all of Franchisee's rights to the telephone numbers of the Franchised Business and all related telephone directory listings and other business listings, and all internet listings, domain names, internet advertising, websites, listings with search engines, electronic mail addresses, social media, or any other similar listing or usages related to the Franchised Business.

11.8 Access to Tax Filings. Upon execution of this Agreement, and at any time thereafter upon Franchisor's request, Franchisee shall execute such forms and documents as Franchisor deems necessary, to appoint Franchisor its true and lawful attorney-in-fact with full power and authority, for the sole purpose of obtaining any and all tax returns and reports related to the Franchised Business filed by Franchisee with any state or federal taxing authority.

11.9 Continuing Obligation. Franchisee and each Principal acknowledge and agree that the representations, warranties and covenants set forth in this Article 11 are continuing obligations of Franchisee and each Principal, as applicable, and that any failure to comply with such representations, warranties and covenants shall constitute a material event of default under this Agreement. Franchisee and each Principal shall cooperate with Franchisor in any efforts made by Franchisor to verify compliance with such representations, warranties and covenants.

## **12. FRANCHISEE'S OPERATIONS**

12.1 Operation of Franchised Business Location. In order to maintain the highest degree of quality and service on a uniform System-wide basis, Franchisee shall operate the Franchised Business in conformity with the methods, standards and specifications prescribed by Franchisor. Franchisee agrees to comply with the Manual, as it is modified from time to time, and all directives, rules and procedures specified by Franchisor, and will, among other things:

12.1.1 Use only those furnishings, fixtures, décor, equipment, supplies, and signage that conform with Franchisor's specifications and/or which shall be purchased from only those vendors designated and approved by Franchisor;

12.1.2 Maintain and operate the Franchised Business location in attractive condition and good repair, using Franchisee's best efforts to maintain a clean, enjoyable and inviting atmosphere therein in accordance with System standards, the Manual and all other directives and requirements of Franchisor, and do such redecoration, repairing, refurbishing and restoration as from time to time may be reasonably required to meet System standards and Franchisor's requirements as they may be modified from time to time;

12.1.3 Procure and hold all necessary licenses or permits to allow the operation of a escape room business, including but not limited to, all licenses required for construction, and otherwise comply with all applicable governmental laws, ordinances, rules and regulations including those related to health and safety;

12.1.4 Maintain sufficient inventories of merchandise and supplies, as prescribed by Franchisor;

12.1.5 Conduct sales in accordance with Franchisor's standards and specifications. Franchisee acknowledges and accepts that, unless expressly permitted in writing by Franchisor, Franchisee may only engage in providing Escapology approved products if offered at a future date. Franchisee is expressly prohibited from selling products outside of the Franchised Business outlet, on the internet, to dealers and/or distributors for subsequent re-sale, and engaging in such sales shall be a material default of this Agreement;

12.1.6 Employ only engaging, outgoing and qualified individuals who are trained in accordance with Franchisor's standards, including but not limited to the protection of Franchisor's confidential and proprietary information. Franchisee and its employees will at all times enhance Franchisor's brand and conduct themselves in a competent and courteous manner in accordance with this Agreement and the image and reputation of the System. Franchisee shall use its best efforts to ensure that Franchisee's employees maintain a neat and clean appearance and render competent and courteous service to patrons of the Franchised Business. Franchisee acknowledges and agrees that poorly trained employees, sloppy or unclean appearances and incompetent or discourteous service by Franchisee or its employees are extremely damaging to the goodwill of the System and the Marks and are a material default of this Agreement;

12.1.7 Permit Franchisor or its agents, to inspect the Franchised Business location and any services, products or equipment, to determine whether they meet Franchisor's then-current standards, specifications and requirements. In addition to any other remedies Franchisor may have, Franchisee shall reimburse Franchisor for Franchisor's inspection costs of any item that does not conform to the System standards and specifications;

12.1.8 Prominently display signs in and upon the Franchised Business location using the Marks and/or other advertising and/or signs of such nature, form, color, number, location and size, and containing such material, as Franchisor may from time to time reasonably direct or approve in writing; and to not display in or upon the Franchised Business location or elsewhere any sign or advertising media of any kind to which Franchisor reasonably objects, including signs and advertising media which have not been approved by Franchisor, or which have been improperly made or are outdated. Upon giving Franchisee notice of its objection to same or upon termination hereof, Franchisor may at any time enter upon the Franchised Business location or elsewhere and remove any objectionable or non-approved signs or advertising media and keep or destroy same without paying therefor or without being deemed guilty of trespass or any other tort;

12.1.9 Conduct all advertising programs in a manner consistent with Franchisor's standards and specifications, in a manner satisfactory to Franchisor and that will not detract from the reputation of the System or the Marks.

## 12.2 Bookkeeping and Reports.

12.2.1 Franchisee agrees to keep and maintain complete and accurate books and records of its transactions and business operations using the accounting procedures and chart of accounts specified by Franchisor. Franchisee agrees to purchase the Computer Systems specified in Section 12.3 to maintain the records and accounts of the Franchisee to the standards of the Franchisor. Franchisee acknowledges and agrees that the financial data of Franchisee's Franchised Business (i) is owned by Franchisor, (ii) is Franchisor's Proprietary Information, (iii) may be published in franchise disclosure document(s) issued by Franchisor following the Effective Date hereof, and (iv) may be shared with other franchisees in the System.

12.2.2 Within three (3) business days after the close of each calendar month and within ninety (90) days after the close of each fiscal year, Franchisee will furnish Franchisor a full and complete written statement of income and expense and a profit and loss statement for the operation of the Franchised Business during said period, together with a balance sheet for the Franchised Business, all of which shall be prepared in accordance with generally accepted accounting principles and practice. Franchisee's annual statements and balance sheets shall be prepared by an independent certified public accountant and certified to be correct.

12.2.3 The financial statements required hereunder shall be in such form and contain such information as Franchisor may from time to time reasonably designate.

12.2.4 Franchisor reserves the right to require Franchisee to engage the services of a third-party accounting services firm, designated and approved by Franchisor, in the event that (i) Franchisee fails to keep books and records in accordance with Franchisor's standards or (ii) Franchisor, in its sole discretion, determines that use of a third-party accounting services firm by all System franchisees is beneficial to the System.

12.2.5 Franchisor shall have the right at all reasonable times to examine, at its expense, Franchisee's books, records, and tax returns. If Franchisor's examination finds an understatement of any Gross Sales Report, Franchisee shall pay Franchisor the amounts due together with interest thereon at the rate provided herein, and if understated by two percent (2%) or more, Franchisee shall reimburse Franchisor for the cost of such examination. Such understatement may be considered a material default hereunder. Two (2) such understatements during the term of this Agreement may, at the option of Franchisor, be considered an incurable default and thereby subject to termination as provided herein.

### 12.3 Computer Systems.

12.3.1 Franchisee, at Franchisee's sole expense, shall install and maintain the computer hardware and software Franchisor requires for the operation of the Franchised Business and shall follow the procedures related thereto that Franchisor specifies in the Manual or otherwise in writing.

12.3.2 Franchisor may require Franchisee, at Franchisee's sole expense, to install and maintain systems and web-based payment processing accounts that permit Franchisor to independently and electronically access and retrieve any information stored in Franchisee's Computer System, other computer systems and web-based payment processing accounts, including, without limitation, information concerning Gross Sales. Upon Franchisor's request, Franchisee shall execute such documents as Franchisor deems necessary to permit Franchisor to independently and electronically access and retrieve all information stored on Franchisee's Computer System, other computer systems and web-based payment processing accounts.

12.3.3 Any and all customer data collected or provided by Franchisee, retrieved from Franchisee's Computer System, or otherwise collected from Franchisee by Franchisor or provided to Franchisor, is and will be owned exclusively by Franchisor and will be considered to be Franchisor's

proprietary and Confidential Information. Franchisor has the right to use such data in any manner without compensation to Franchisee. Franchisor licenses to Franchisee the use of such data solely for the purpose of operating the Franchised Business; provided that, this license shall automatically and irrevocably terminate, without any additional action or notice required by Franchisor, upon the expiration or earlier termination of this Agreement.

12.3.4 Franchisor may require Franchisee, at Franchisee's sole expense, to enter into software license agreements in the form that Franchisor requires for software Franchisor develops or acquires for use in the System, or for security purposes to protect the operation and integrity of Franchisor's systems.

12.3.5 Franchisee shall have and maintain adequate hardware and software in order to access the internet at the speed required by Franchisor from time to time. Franchisee shall utilize the electronic mail account provided by Franchisor. Franchisee shall promptly read and respond to all electronic mail related to the Franchised Business no less often than on a daily basis and shall accept and acknowledge receipt of all electronic mail sent by Franchisor. Franchisee shall not establish any website or other listing on the internet except as provided and specifically permitted herein.

12.3.6 Franchisor has established a website that provides information about the System and the products and services offered by the Escapology System (the "Website"). Franchisor has sole discretion and control over the Website. Franchisor shall include a listing on its Website linking Franchisee's Franchised Business location and calendar. Franchisee has no ownership or other proprietary rights to Franchisor's website and Franchisee will lose all rights to such link to Franchisee's location upon expiration or termination of this Agreement for any reason.

12.3.7 In addition to the requirements of Section 6.4, Franchisee shall pay all fees, whether to Franchisor or to third party vendor(s), and expenses for technology required by this Agreement for operation of the Franchised Business, including but not limited to, the costs of computer hardware and software and applications, installation costs and regularly recurring fees for software, internet access, license fees, help desk fees, and licensing or user-based fees.

12.4 Safety and Security of Premises. Franchisee is solely responsible for the safety and security of the Franchised Business outlet for Franchisee, Franchisee's personnel, agents, customers, and the general public. Any suggestions by Franchisor on such matters are for guidance only and not binding on Franchisee. All matters of safety and security are within Franchisee's discretion and control, and Franchisee's indemnification obligations set forth in Section 15.6 hereof shall apply to any claims made against Franchisor regarding safety or security.

12.5 Prices. Subject to applicable law, Franchisor may recommend or set minimum and maximum prices for services and products offered by Franchisee, which may vary depending on geographic and other market conditions. Franchisee acknowledges that Franchisor has made no guarantee or warranty that offering services or products at any particular price will enhance Franchisee's sales or profits.

12.6 Unapproved Item/Suppliers. If Franchisee desires to purchase, lease or use any unapproved equipment, product, or service or to purchase, lease or use any equipment, product or service from an unapproved supplier, Franchisee shall submit to Franchisor a written request for such approval prior to utilizing such product, service or supplier. Franchisee shall not purchase or lease any item or use any supplier until and unless such item or supplier has been approved in writing by Franchisor. Franchisor shall have the right to require that its representatives be permitted to inspect the supplier's facilities and to test or otherwise evaluate samples from the supplier. Franchisor reserves the right to charge Franchisee an ("Evaluation Fee") equal to our costs incurred for inspection and testing. Franchisor shall notify Franchisee

whether Franchisor approves or disapproves of the proposed item or supplier within thirty (30) days after Franchisor receives all required information to evaluate the product, service or supplier. If Franchisor fails to respond to Franchisee's submission within said thirty (30) days, such item or supplier shall be deemed "disapproved." Franchisor reserves the right, at its option, to re-inspect from time to time the facilities and products of any such approved supplier and to revoke its approval upon the supplier's failure to continue to meet any of Franchisor's then-current criteria. Nothing in the foregoing shall be construed to require Franchisor to approve any particular item or supplier.

12.7 External Quality Assurance Services. Franchisor reserves the right to establish quality assurance programs conducted by third-party providers, including, but not limited to, mystery shop programs and periodic quality assurance audits ("Quality Review Services"). Upon Franchisor's request and at Franchisee's sole cost and expense, Franchisee shall subscribe to any such third-party provider for Quality Review Services to monitor the operations of the Franchised Business as directed by Franchisor.

12.8 Variations in Standards. Notwithstanding anything to the contrary contained in this Agreement and this Section 12 in particular, Franchisee acknowledges and agrees that because complete and detailed uniformity under many varying conditions may not be possible or practical, Franchisor specifically reserves the right and privilege, at its sole discretion and as it may deem in the best interests of all concerned in any specific instance, to vary performance standards for some franchisees based upon the peculiarities and characteristics of the particular site or circumstance, business potential, existing business practices or any other condition which Franchisor deems to be of importance to the successful operation of such particular franchise business. Franchisor has full rights to vary standard specifications and practices for any other franchisee at any time without giving Franchisee comparable rights. Franchisee shall not be entitled to require Franchisor to disclose or grant to Franchisee a like or similar variation.

### **13. ADVERTISING, PROMOTIONS AND RELATED FEES**

13.1 Managed Marketing Program. Franchisor has developed and administers a Managed Marketing Program which is designed to promote and enhance the collective success of all Franchised Businesses operating under the System. Franchisee shall participate in all such advertising and sales promotion programs in accordance with the terms and conditions established by Franchisor from time to time for each program. Franchisee shall pay the then-current Managed Marketing Program fee equal to One Thousand Three Hundred Dollars (\$1,300) on a monthly basis. This fee shall be collected at the same time and manner as the Royalty Fee and Innovation Fund. In all aspects of these programs, including, without limitation, the type, quantity, timing, placement and choice of media, market areas and advertising agencies, the standards and specifications established by Franchisor, as modified from time to time, shall be final and binding upon Franchisee.

#### **13.2 Local Advertising.**

13.2.1 In addition to the ongoing advertising contributions set forth herein, and following the expenditures set forth in Section 13.2.3 below, Franchisee shall spend monthly, throughout the term of this Agreement, not less than three and a half percent (3.5%) of Gross Sales per month on advertising for the Franchised Business in the Territory ("Local Advertising"). Franchisor may require Franchisee to allocate to a regional advertising cooperative, as described in Section 13.4, up to one-half of Franchisee's required Local Advertising expenditures.

13.2.2 Within ten (10) business days of Franchisor's request, Franchisee shall provide a quarterly expenditure report accurately reflecting Franchisee's Local Advertising expenditures for the preceding quarterly period. The following costs and expenditures incurred by Franchisee shall *not* be included in Franchisee's expenditures on Local Advertising for purposes of this Section, unless approved

in advance by Franchisor in writing: (i) incentive programs for employees or agents of Franchisee; (ii) research expenditures; (iii) salaries and expenses of any of Franchisee's personnel to attend advertising meetings, workshops or other marketing activities; (iv) charitable, political or other contributions or donations.

13.2.3 Franchisee shall spend at least Five Thousand Dollars (\$5,000) in grand opening advertising to promote the opening of the Franchised Business. The grand opening advertising campaign shall be conducted in the Territory thirty (30) days prior to and within the first three (3) months after the opening of the Franchised Business.

### 13.3 Innovation Fund.

13.3.1 Franchisor has established an Innovation Fund on behalf of the system for the innovation and promotion of Escapology Live Escape Games so as to foster continued patronage of Escapology Facilities by consumers worldwide. We required you to contribute to the Innovation Fund 2% of monthly Gross Sales generated by your Franchised Business ("Innovation Fund Contribution"). Your Innovation Fund contribution is collected at the same time and in the same manner as your Royalty and Ongoing Service Fee. Each Escapology outlet operated by our affiliate or us may contribute to the Innovation Fund, in our discretion, but has no obligation to do so. Franchisor reserves the right, in Franchisor's sole discretion and at any time and from time to time, to increase the amount of the Innovation Fund Contribution to any amount not to exceed to six percent (6%) of the Gross Sales. Payments will be made in the same manner and time as the Royalty Fees and Ongoing Service Fee. If Franchisee fails to timely report Gross Sales, then, in addition to a late fee and interest pursuant to Sections 6.2 and 6.3 hereof, Franchisor shall collect, in addition to one hundred percent (120%) of the last Innovation Fund Contribution payable, a late fee equal to Two Hundred and Fifty Dollars (\$250). Franchisor shall reconcile amounts when Gross Sales are reported.

13.3.2 Franchisor shall direct the Innovation Fund and shall have sole discretion to approve or disapprove the creative concepts, materials and media used in such programs and the placement and allocation thereof. Franchisee agrees and acknowledges that the Innovation Fund is intended to maximize general public recognition and acceptance of the Marks and enhance the collective success of all Franchised Businesses operating under the System.

13.3.3 Franchisor may, but has no obligation to, contribute to the Innovation Fund on the same basis as Franchisee with respect to Escapology outlets operated by Franchisor or Franchisor's affiliates.

13.3.4 Franchisor may use the Innovation Fund to satisfy any and all costs of developing, preparing, producing, directing, administering, conducting, maintaining and disseminating advertising, marketing, promotional and public relations materials, programs, campaigns, sales and marketing seminars and training programs of every kind and nature, through media now existing or hereafter developed (including, without limitation, the cost of television, radio, magazine, social media, newspaper and electronic advertising campaigns; direct mail and outdoor billboard advertising; public relations activities; conducting marketing research, employing advertising agencies to assist therein; developing, enhancing and maintaining the Website; and staff salaries and other personnel and departmental costs for advertising that Franchisor internally administers or prepares). While Franchisor does not intend that any part of the Innovation Fund will be used for advertising which is principally a solicitation for franchisees, Franchisor reserves the right to use the Innovation Fund for public relations, to explain the franchise system, and/or to include a notation in any advertisement indicating "Franchises Available."

13.3.5 The Innovation Fund will not be used to defray any of Franchisor's general operating expenses, except for reasonable administrative costs and overhead that Franchisor may incur in

activities related to the administration and direction of the Innovation Fund and such costs and expenses pursuant Section 13.3.4. The Innovation Fund and its earnings shall not otherwise inure to Franchisor's benefit except that any resulting technology and intellectual property shall be deemed the property of Franchisor.

13.3.6 Franchisor will prepare an unaudited annual statement of the Innovation Fund's operations and will make it available to Franchisee upon written request. In administering the Innovation Fund, Franchisor undertakes no obligation to make expenditures for Franchisee that are equivalent or proportionate to Franchisee's contribution or to ensure that any particular franchisee benefits directly or pro rata from the production or placement of advertising.

13.3.7 Although the Innovation Fund is intended to be of perpetual duration, Franchisor may terminate it at any time and for any reason or no reason. Franchisor will not terminate the Innovation Fund, however, until all monies in the Innovation Fund have been spent for advertising or promotional purposes or returned to contributors, without interest, on the basis of their respective contributions.

13.4 Regional Advertising. Franchisor reserves the right to establish, in Franchisor's sole discretion, a regional advertising cooperative. If a regional cooperative is established during the term of this Agreement, Franchisee agrees to sign all documents Franchisor requests to become a member of the cooperative according to the terms of the documents. If Franchisor establishes a regional cooperative, Franchisee agrees to contribute amounts equal to Franchisee's share of the total cost of cooperative advertising, in addition to required Innovation Fund Contributions.

13.5 Directory Listings. At Franchisee's sole cost and expense, Franchisee must list the Franchised Business in local business directories, including, but not limited to, listings on internet search engines. If feasible, and with Franchisor's prior written approval, Franchisee may do cooperative listings with other System franchisees. Notwithstanding the foregoing, Franchisee may not maintain any business profile on Facebook, Instagram, Twitter, LinkedIn, YouTube, TikTok or any other social media and/or networking site without Franchisor's prior written approval and use of any social media accounts shall be in strict accordance with Franchisor's requirements. Franchisee shall provide Franchisor with all passwords and administrative rights to any and all social media accounts for the Franchised Business, and Franchisee hereby appoints Franchisor its true and lawful agent and attorney-in-fact with full power and authority, for the sole purpose of taking whatever action as is necessary for the best interest of the System, if Franchisee fails to maintain such accounts in accordance with Franchisor's standards.

13.6 Approval of Advertising. All advertising and promotion by Franchisee, in any medium, shall be conducted in a professional manner and shall conform to the standards and requirements of Franchisor as set forth in the Manual or otherwise. Franchisee shall submit to Franchisor for its approval samples of all advertising, press releases, promotional plans and materials and public relations programs that Franchisee desires to use, including, without limitation, any materials in digital, electronic or computerized form, or in any form of media now or hereafter developed that have not been either provided or previously approved by Franchisor. Franchisor shall approve or disapprove such plans and materials within fifteen (15) business days of Franchisor's receipt thereof. If Franchisor fails to respond to Franchisee's submission within ten (10) business days, such plans and materials shall be deemed "disapproved". Franchisee shall not use such unapproved plans or materials until they have been approved by Franchisor in writing and shall promptly discontinue use of any advertising or promotional plans or materials, whether or not previously approved, upon notice from Franchisor. Any advertising, marketing or sales concepts, programs or materials proposed or developed by Franchisee for the Escapology brand and approved by Franchisor may be used by other System franchisees without any compensation to Franchisee.

## 14. INTELLECTUAL PROPERTY

### 14.1 Ownership.

14.1.1 Franchisee expressly understands and acknowledges that Franchisor and/or Franchisor's affiliate(s), or its successor are the record owner of the Marks. Franchisor holds the exclusive right to license the Marks to franchisees of the System for use pursuant to the System. Franchisee further expressly understands and acknowledges that Franchisor and/or Franchisor's affiliate(s) claim copyrights on certain material used in the System, including but not limited to its website, documents, advertisements, promotional materials and the Manual, whether or not Franchisor and/or Franchisor's affiliate(s) have filed for copyrights thereto with the U.S. Copyright Office. The Marks and copyrights, along with Franchisor's trade secrets, service marks, trade dress and proprietary systems are hereafter collectively referred to as the "Intellectual Property".

14.1.2 As between Franchisor and Franchisee, Franchisor and/or Franchisor's affiliate(s) are the owner of all right, title and interest in and to the Intellectual Property and the goodwill associated with and symbolized by them.

14.2 No Interference. Neither Franchisee nor any Principal shall take any action that would prejudice or interfere with the validity of Franchisor's and/or Franchisor's affiliate(s)'s rights with respect to the Intellectual Property. Nothing in this Agreement shall give the Franchisee any right, title, or interest in or to any of the Intellectual Property or any of Franchisor's and/or Franchisor's affiliate(s)'s service marks, trademarks, trade names, trade dress, logos, copyrights or proprietary materials, except the right to use the Intellectual Property and the System in accordance with the terms and conditions of this Agreement for the operation of a Franchised Business and only at or from the Franchised Business location or in approved advertising related to the Franchised Business.

14.3 Goodwill. Franchisee understands and agrees that any and all goodwill arising from Franchisee's use of the Intellectual Property and the System shall inure solely and exclusively to the benefit of Franchisor and/or Franchisor's affiliate(s), and upon expiration or termination of this Agreement and the license herein granted, no monetary amount shall be assigned as attributable to any goodwill associated with Franchisee's use of the Intellectual Property.

14.4 Validity. Franchisee shall not contest the validity of, or Franchisor's and/or Franchisor's affiliate(s)'s interest in, the Intellectual Property or assist others to contest the validity of, or Franchisor's and/or Franchisor's affiliate(s)'s interest in, the Intellectual Property.

14.5 Infringement. Franchisee acknowledges that any unauthorized use of the Intellectual Property shall constitute an infringement of Franchisor's and/or Franchisor's affiliate(s)'s rights in the Intellectual Property and a material event of default hereunder. Franchisee shall provide Franchisor and/or Franchisor's affiliate(s) with all assignments, affidavits, documents, information and assistance Franchisor and/or Franchisor's affiliate(s) reasonably request to fully vest in Franchisor and/or Franchisor's affiliate(s) all such rights, title and interest in and to the Intellectual Property, including all such items as are reasonably requested by Franchisor and/or Franchisor's affiliate(s) to register, maintain and enforce such rights in the Intellectual Property.

14.6 Substitution. Franchisor reserves the right to substitute different Marks for use in identifying the System and the Franchised Business, if it in its sole discretion, determines that substitution of different Marks will be beneficial to the System. Franchisor will not be liable to Franchisee for any expenses, losses or damages sustained by Franchisee as a result of any additions, modifications, substitutions or discontinuation of the Marks. Franchisee covenants not to commence or join in any

litigation or other proceeding against Franchisor for any of these expenses, losses or damages.

14.7 Franchisee's Use of the Intellectual Property. With respect to Franchisee's use of the Intellectual Property pursuant to this Agreement, Franchisee further agrees that:

14.7.1 Unless otherwise authorized or required by Franchisor, Franchisee shall advertise the Franchised Business only under the Marks "Escapology" and design. Franchisee shall not use the Marks, or any portions, variations, or derivatives thereof, as part of its corporate or other legal name. All fictitious names used by Franchisee shall bear the designation "a franchisee of Escapology, LLC".

14.7.2 Franchisee shall identify itself as the owner of the Franchised Business and as an independent Escapology franchisee in conjunction with any use of the Intellectual Property, including, but not limited to, uses on invoices, order forms, receipts, and contracts, as well as the display of a notice in such content and form and at such conspicuous locations on the premises of the Franchised Business as Franchisor may designate in writing.

14.7.3 Franchisee shall not use the Intellectual Property to incur any obligation or indebtedness on behalf of Franchisor.

14.7.4 Any item offered by Franchisee that contains the Marks, must be approved by Franchisor in writing prior to being distributed or sold by Franchisee and such approval may be granted or denied in Franchisor's sole and absolute discretion.

14.8 Claims. Franchisee shall notify Franchisor immediately via both email and telephone, of any apparent infringement of or challenge to Franchisee's use of any Intellectual Property and of any claim by any person of any rights in any Intellectual Property. Franchisee shall not communicate with any person other than Franchisor or any designated affiliate thereof, their counsel and Franchisee's counsel in connection with any such infringement, challenge or claim. Franchisor shall have complete discretion to take such action as it deems appropriate in connection with the foregoing, and the right to control exclusively, or to delegate control to any of its affiliates of, any settlement, litigation or other proceeding arising out of any such alleged infringement, challenge or claim or otherwise relating to any Intellectual Property. Franchisee agrees to execute any and all instruments and documents, render such assistance, and do such acts or things as may, in the opinion of Franchisor, reasonably be necessary or advisable to protect and maintain the interests of Franchisor or any other person or entity in any litigation or other proceeding or to otherwise protect and maintain the interests of Franchisor or any other interested party in the Intellectual Property. Franchisor will indemnify and defend Franchisee against and reimburse Franchisee for actual damages (including settlement amounts) for which Franchisee is held liable in any proceeding arising out of Franchisee's use of any of the Intellectual Property that infringes on the rights of any other party, provided that the conduct of Franchisee with respect to such proceeding and use of the Intellectual Property is in full compliance with the terms of this Agreement.

14.9 Franchisor may use and grant franchises and licenses to others to use the Intellectual Property and the System and to establish, develop and franchise other systems, different from the System licensed to Franchisee herein, without offering or providing Franchisee any rights in, to or under such other systems and Franchisor may modify or change, in whole or in part, any aspect of the Intellectual Property or the System, so long as Franchisee's rights thereto are in no way materially harmed thereby.

14.10 Franchisee shall not register or attempt to register the Intellectual Property in Franchisee's name or that of any other person, firm, entity or corporation.

## 15. INSURANCE AND INDEMNIFICATION

15.1 Procurement. Franchisee shall procure, prior to the commencement of any operations under this Agreement, and thereafter maintain in full force and effect during the term of this Agreement at Franchisee's sole cost and expense and to Franchisor's sole satisfaction, insurance policies protecting Franchisee and Franchisor, and naming Franchisor, its officers, directors, partners, owners, employees and affiliates as additional insureds as their interests may appear, in the following minimum limits (except as additional coverage and higher policy limits may reasonably be specified from time to time in the Manual or otherwise in writing):

15.1.1 Liability. Commercial general liability insurance, including contractual liability, public liability, liquor liability (when applicable), personal injury, products liability, and advertising injury coverage in the amount of at least One Million Dollars (\$1,000,000) per occurrence and Two Million Dollars (\$2,000,000) aggregate;

15.1.2 Employment. Worker's compensation coverage in the limits required by the state in which the Franchised Business is located and operated, as well as such other insurance as may be required by statute or rule of the state in which the Franchised Business is located and operated;

15.1.3 Excess liability. Umbrella coverage with minimum amounts of One Million Dollars (\$1,000,000) per occurrence and Two Million Dollars (\$2,000,000) aggregate;

15.1.4 Property. Fire, vandalism and extended coverage insurance for property damage with primary and excess limits to cover the full replacement value of the leasehold improvements, computer systems, and other personal property of the Franchised Business; and

15.2 Evidence of Insurance. Franchisee shall deliver to, and maintain at all times with Franchisor, current Certificates of Insurance evidencing the existence and continuation of the required coverages. Franchisee shall deliver the initial Certificate of Insurance no later than thirty (30) days before Franchisee opens the Franchised Business. In addition, if requested by Franchisor, Franchisee shall deliver to Franchisor a copy of the insurance policy or policies required hereunder.

15.3 Failure to Procure. If, for any reason, Franchisee should fail to procure or maintain the insurance required by this Agreement as revised from time to time for all franchisees by the Manual or otherwise in writing, Franchisor shall have the right and authority (without, however, any obligation) to immediately procure such insurance and to charge Franchisee for the cost thereof together of the cost for Franchisor's expenses in so acting, including all attorneys' fees. Franchisee shall pay Franchisor immediately upon notice by Franchisor to Franchisee that Franchisor has undertaken such action and the cost thereof.

15.4 Increase in Coverage. The levels and types of insurance stated herein are minimum requirements. Franchisor reserves the right to raise the required minimum requirements for any type of insurance or add additional types of insurance requirements as Franchisor deems reasonably prudent to require. Within thirty (30) days of any such required new limits or types of coverage, Franchisee must submit proof to Franchisor of Franchisee's coverage pursuant to Franchisor's requirements.

15.5 Additional Insured. All required insurance policies shall name Franchisor and their affiliates and their members, officers, agents and employees as additional insureds as their interests may appear. All public liability policies shall contain a provision that the additional insureds, although named as insureds, shall nevertheless be entitled to recover under such policies on any loss caused by Franchisee or Franchisee's servants, agents or employees, and all required insurance policies shall contain a waiver of

subrogation in favor of the additional insureds.

15.6 Indemnification. TO THE FULLEST EXTENT PERMITTED BY LAW, FRANCHISEE AGREES TO EXONERATE AND INDEMNIFY AND HOLD HARMLESS ESCAPOLOGY, LLC, AND ANY PARENT COMPANY, SUBSIDIARIES, DIVISIONS, AFFILIATES, SUCCESSORS, ASSIGNS AND DESIGNEES, AS WELL AS THEIR DIRECTORS, OFFICERS, EMPLOYEES, AGENTS, SHAREHOLDERS, SUCCESSORS, DESIGNEES AND REPRESENTATIVES (COLLECTIVELY REFERRED TO AS THE “ESCAPOLOGY INDEMNITEES”), FROM ALL CLAIMS BASED UPON, ARISING OUT OF, OR IN ANY WAY RELATED TO THE OPERATION, CONDITION, OR ANY PART OF FRANCHISEE’S ESCAPOLOGY FRANCHISE, THE FRANCHISED BUSINESS, THE PRODUCTS, THE PREMISES, OR ANY ASPECT OF THE REAL ESTATE CONNECTED TO FRANCHISEE’S FRANCHISED BUSINESS, WHETHER CAUSED BY FRANCHISEE, FRANCHISEE’S AGENTS OR EMPLOYEES, OR ARISING FROM FRANCHISEE’S ADVERTISING OR BUSINESS PRACTICES. FRANCHISEE AGREES TO PAY FOR ALL THE ESCAPOLOGY INDEMNITEES’ LOSSES, EXPENSES (INCLUDING, BUT NOT LIMITED TO ATTORNEYS’ FEES) OR CONCURRENT OR CONTRIBUTING LIABILITY INCURRED IN CONNECTION WITH ANY ACTION, SUIT, PROCEEDING, INQUIRY (REGARDLESS OF WHETHER THE SAME IS REDUCED TO JUDGMENT OR DETERMINATION), OR ANY SETTLEMENT THEREOF FOR THE INDEMNIFICATION GRANTED BY FRANCHISEE HEREUNDER. THE ESCAPOLOGY INDEMNITEES SHALL HAVE THE RIGHT TO SELECT AND APPOINT INDEPENDENT COUNSEL TO REPRESENT ANY OF THE ESCAPOLOGY INDEMNITEES IN ANY ACTION OR PROCEEDING COVERED BY THIS INDEMNITY. FRANCHISEE AGREES THAT TO HOLD THE ESCAPOLOGY INDEMNITEES HARMLESS, FRANCHISEE WILL REIMBURSE THE ESCAPOLOGY INDEMNITEES AS THE COSTS AND EXPENSES ARE INCURRED BY THE ESCAPOLOGY INDEMNITEES.

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## 16. TRANSFERS

### 16.1 Transfers by Franchisor.

16.1.1 Franchisor shall have the right to assign this Agreement, and all of Franchisor’s rights and privileges hereunder, to any person, firm, corporation or other entity, without Franchisee’s permission or prior knowledge, provided that, with respect to any assignment resulting in the subsequent performance by the assignee of Franchisor’s obligations, the assignee shall expressly assume and agree to perform Franchisor’s obligations hereunder. Specifically, and without limitation to the foregoing, Franchisee expressly affirms and agrees that Franchisor may: (i) sell Franchisor’s assets and Franchisor’s rights to the Marks and the System outright to a third party; (ii) engage in a public or private placement of some or all of Franchisor’s securities; (iii) merge, acquire other corporations, or be acquired by another corporation, including competitors; (iv) undertake a refinancing, recapitalization, leveraged buy-out or other economic or financial restructuring; and (v) with regard to any or all of the above sales, assignments and dispositions, Franchisee expressly and specifically waives any claims, demands or damages arising from or relating to the loss of association with or identification of Franchisor. Nothing contained in this Agreement shall require Franchisor to remain in the business franchised herein or to offer the same products and services, whether or not bearing the Marks, in the event that Franchisor exercises its prerogative hereunder to assign Franchisor’s rights in this Agreement.

16.1.2 Franchisee agrees 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 operating under the Marks or any other marks following Franchisor's purchase, merger, acquisition or affiliation, regardless of the location of the facilities (which Franchisee acknowledges may be within the Territory, proximate thereto, or proximate to any of Franchisee's locations). However, Franchisor represents that it will not convert any such acquired facilities that are operating within the Territory to a Escapology franchise outlet during the Term of this Agreement.

16.1.3 If Franchisor assigns its rights in this Agreement, nothing herein shall be deemed to require Franchisor to remain in the escape room business or to offer or sell any products or services to Franchisee.

16.2 Restrictions on Transfers by Franchisee. Franchisee's rights and duties under this Agreement are personal to Franchisee as it is organized and with the Principals of the business as they exist on the date of execution of this Agreement, and Franchisor has made this Agreement with Franchisee in reliance on Franchisor's perceptions of the individual and collective character, skill, aptitude, attitude, business ability, and financial capacity of Franchisee. Thus, no transfer, as hereafter defined, may be made without Franchisor's prior written approval. Franchisor may void any transfer made without such approval.

16.3 Transfers by Franchisee. Neither Franchisee nor any Principal(s) shall directly or indirectly sell, assign, transfer, give, devise, convey or encumber this Agreement or any right or interest herein or hereunder (a "Transfer"), the Franchise, the Franchised Business or any assets thereof (except in the ordinary course of business) or suffer or permit any such assignment, transfer, or encumbrance to occur by operation of law, unless Franchisee or Principal(s) first obtains the written consent of Franchisor. A transfer of any stock in the Franchisee if it is a corporation or a transfer of any ownership rights in Franchisee if it is a partnership, a limited liability company or limited partnership shall be considered a Transfer restricted hereunder. If Franchisee and Principal(s) have complied fully with this Agreement and subject to Franchisor's Right of First Refusal set forth in Section 16.6, Franchisor will not unreasonably withhold its consent of a Transfer that meets the following requirements:

16.3.1 The proposed transferee and all its principals must have the demeanor and be individuals of good character and otherwise meet Franchisor's then-applicable standards for franchisees.

16.3.2 The transferee must have sufficient business experience, aptitude and financial resources to operate the Franchised Business and to comply with this Agreement;

16.3.3 The transferee has agreed to complete Franchisor's Initial Training Program to Franchisor's satisfaction;

16.3.4 Franchisee has paid all amounts owed to Franchisor and third-party creditors;

16.3.5 The transferee has executed Franchisor's then-standard form of Franchise Agreement, which may have terms and conditions different from this Agreement, except that the transferee shall not be required to pay the initial franchise fee;

16.3.6 Franchisee and the transferee and each of Franchisee's and the transferee's Principals shall have executed a general release, in a form satisfactory to Franchisor, of any and all claims against Franchisor and Franchisor's officers, directors, shareholders, members and employees in their corporate and individual capacities, including, without limitation, claims arising under federal, state, and local laws, rules and ordinances. Franchisee will agree to subordinate any claims Franchisee may have against the transferee to Franchisor, and indemnify Franchisor against any claims by the transferee relating

to misrepresentations in the transfer process, specifically excluding those representations made by Franchisor in the Franchise Disclosure Document given to the transferee;

16.3.7 Franchisor has granted written approval of the material terms and conditions of the Transfer, including, without limitation, that the price and terms of payment will not adversely affect the Franchised Business's operation. However, Franchisor's approval of a Transfer is not in any way a representation or warranty of the transferee's success or the soundness of transferee's decision to purchase the Franchise on such terms and conditions. Franchisee shall provide Franchisor all proposed transfer documents for Franchisor's review at least thirty (30) days prior to a closing of the proposed Transfer;

16.3.8 If Franchisee or any Principal finances any part of the sale price of the Transfer, Franchisee or its Principal have agreed that all obligations of the transferee under any notes, agreements or security interests to Franchisee or its Principal will be subordinate to the transferee's obligations to Franchisor; and

16.3.9 If consent is required, the lessor of the Franchised Business's premises consents to the assignment or further sublet of the premises to the transferee.

16.4 As a condition to any Transfer, Franchisee shall pay Franchisor a transfer fee equal to five thousand dollars (\$5,000).

16.5 Entity Formation Documents. The By-Laws of a corporation or Operating Agreement of a limited liability company of a Franchisee that is an entity must state that (i) the issuance and assignment of any interest in Franchisee are restricted by this Article 16; (ii) Franchisee may conduct no business except the operation of a Franchised Business pursuant to the terms of this Agreement; (iii) transfers of interests in Franchisee are subject to the terms of this Agreement governing transfers; and (iv) stock or member certificates will contain a legend so indicating.

#### 16.6 Franchisor 's Right of First Refusal.

16.6.1 If Franchisee wishes to transfer all or part of its interest in the Franchised Business or this Agreement or if a Principal wishes to transfer any ownership interest in Franchisee, pursuant to any bona fide offer to purchase such interest, then Franchisee or such Principal shall promptly notify Franchisor in writing of each such offer, and shall provide such information and documentation relating to the offer as Franchisor may require.

16.6.2 Franchisor has the right, exercisable by written notice to Franchisee within thirty (30) days after receipt of written notification and copies of all documentation required by Franchisor describing such offer, to buy the interest in this Agreement and the Franchised Business or the Principal's interest in Franchisee for the price and on the terms and conditions contained in the offer, subject to Section 16.6.3.

16.6.3 Franchisee further agrees, in the event Franchisor exercises its right of first refusal, notwithstanding anything to the contrary contained in the offer, that (i) Franchisor may substitute cash for any other form of consideration contained in the offer; (ii) at Franchisor 's option, Franchisor may pay the entire purchase price at closing; (iii) Franchisor 's credit will be deemed equal to the credit of any proposed transferee; (iv) Franchisor will have at least ninety (90) days to close the purchase; and (v) Franchisor will be entitled to receive from the Franchisee all customary representations and warranties given by a seller of the assets of a business or equity interest in an entity, as applicable.

16.6.4 If Franchisor does not exercise its right to buy within thirty (30) days, Franchisee may thereafter transfer the interest to the transferee on terms no more favorable than those disclosed to Franchisor, provided that such transfer is subject to Franchisor's prior written approval pursuant to Section 16.3 hereof. However, if (i) the sale to the transferee is not completed within one hundred twenty (120) days after the offer is given to Franchisor or (ii) there is any material change in the terms of the offer, the offer will again be subject to Franchisor's right of first refusal.

16.7 Death or Permanent Disability. The grant of rights under this Agreement is personal to Franchisee, and on the death or permanent disability of Franchisee or any of Franchisee's Principals, the executor, administrator, conservator, or other personal representative of Franchisee or Principal, as the case may be, shall be required to transfer Franchisee's or Principal's interest in this Agreement within twelve (12) months from the date of death or permanent disability to a third party approved by Franchisor. Failure to transfer in accordance with the forgoing will constitute a material default and the Franchise granted by this Agreement will terminate. A transfer under this Section 16.7, including without limitation, transfer by devise or inheritance, is subject to the conditions for Transfers in this Article 16 and unless transferred by gift, devise or inheritance, subject to the terms of Section 16.6 above. For purposes of this Agreement, the term "permanent disability" means a mental or physical disability, impairment or condition that is reasonably expected to prevent or actually does prevent such person from providing continuous and material supervision of the operation of Franchisee's Franchised Business during the six (6)-month period from its onset.

Immediately after the death or permanent disability of such person, or while the Franchise is owned by an executor, administrator, guardian, personal representative or trustee of that person, the Franchised Business shall be supervised by an interim successor manager satisfactory to Franchisor, or Franchisor, in its sole discretion, may provide interim management at Franchisor's then-current interim management support fee, plus any and all costs of travel, lodging, meals and other expenses reasonably incurred by Franchisor, pending transfer of the Franchise to the deceased or disabled individual's lawful heirs or successors.

16.8 Effect of Consent to Transfer. Franchisor's consent to a Transfer will not waive any claims Franchisor may have against the Franchisee or any Franchisee's Principals nor waive its right to demand that the transferee comply strictly with this Agreement.

16.9 Security Interests to Lender. If Franchisee is in full compliance with this Agreement, Franchisee may pledge or give a security interest in Franchisee's interest in the Assets and the Franchised Business to a lender of the funds needed by Franchisee for Franchisee's initial investment, provided that provided that Franchisor's rights to use or purchase the Assets as set forth in Sections 11.3.3, 16.6, 16.7, 17.4.2 and 18.2 are not impaired, that a foreclosure on such a pledge or security interest and/or any Transfer resulting from such a foreclosure shall be subject to all provisions of this Agreement, and that Franchisee obtains from the lender a written acknowledgement to Franchisor of these restrictions. Notwithstanding the foregoing, in the event Franchisee obtains financing whereby funding is provided with the assistance of the United States Small Business Administration ("SBA Financing"), Franchisee shall be permitted to grant the lender of such SBA Financing a senior lien on any Uniform Commercial Code collateral Franchisee uses to secure the SBA Financing, and Franchisor agrees to (i) subordinate its interest in any lien on Franchisee's Uniform Commercial Code collateral to that of the lender of the SBA Financing and (ii) waive the requirement of the written acknowledgment referenced in this Section.

## **17. DEFAULTS**

17.1 Default and Automatic Termination. Franchisee shall be deemed to be in material default under this Agreement, and all rights granted herein shall automatically terminate without notice to

Franchisee, if Franchisee shall become insolvent or makes a general assignment for the benefit of creditors; or if Franchisee files a voluntary petition under any section or chapter of federal bankruptcy law or under any similar law or statute of the United States or any state thereof, or admits in writing its inability to pay its debts when due; or if Franchisee is adjudicated a bankrupt or insolvent in proceedings filed against Franchisee under any section or chapter of federal bankruptcy laws or under any similar law or statute of the United States or any state; or if a bill in equity or other proceeding for the appointment of a receiver of Franchisee or other custodian for Franchisee's business or assets is filed and consented to by Franchisee; or if a receiver or other custodian (permanent or temporary) of Franchisee's assets or property, or any part thereof, is appointed by any court of competent jurisdiction; or if proceedings for a composition with creditors under any state or federal law should be instituted by or against Franchisee; or if a final judgment remains unsatisfied or of record for thirty (30) days or longer (unless supersedeas bond is filed); or if Franchisee is dissolved; or if execution is levied against Franchisee's business or property; or if suit to foreclose any lien or mortgage against the Franchised Business premises or equipment is instituted against Franchisee and not dismissed within thirty (30) days.

17.2 Defaults with No Opportunity to Cure. Franchisee shall be deemed to be in material default and Franchisor may, at its option, terminate this Agreement and all rights granted hereunder, without affording Franchisee any opportunity to cure the default, effective immediately upon notice to Franchisee, if Franchisee, or any Principal, as the case may be:

17.2.1 fails to acquire a site for the Franchised Business, complete construction of the Franchised Business, obtain all licenses and permits before opening, or open the Franchised Business within the time and in the manner specified in Article 8.

17.2.2 falsifies any report required to be furnished Franchisor hereunder;

17.2.3 ceases to operate the Franchised Business for a period of five (5) days or more; provided, however, that this provision shall not apply if through no fault of Franchisee, the premises are damaged or destroyed by a casualty and Franchisee applies within thirty (30) days after such event, for Franchisor's approval to relocate or reconstruct the premises (which approval shall not be unreasonably withheld) and Franchisee diligently pursues such reconstruction or relocation.

17.2.4 loses for any cause whatsoever the right of possession of the real property on which the Franchised Business is located; provided, however, that this provision shall not apply if through no fault of Franchisee, Franchisee loses right of possession and Franchisee applies within thirty (30) days after such event, for Franchisor's approval to relocate the Franchised Business (which approval shall not be unreasonably withheld) and Franchisee diligently pursues such relocation in accordance with Section 8.5.

17.2.5 fails to restore the Franchised Business location to full operation within a reasonable period time but not more than one hundred twenty (120) days from the date the Franchised Business location is rendered inoperable by any casualty or closed due to an order issued by a local authority having jurisdiction over the Franchised Business location;

17.2.6 fails to comply with any federal, state or local law, rule or regulation, applicable to the operation of the Franchised Business, including, but not limited to, the failure to pay taxes;

17.2.7 defaults under any lease or sublease of the real property on which the Franchised Business is located;

17.2.8 understates Gross Sales on two (2) occasions or more, whether or not cured on any or all of those occasions;

17.2.9 fails to comply with the covenants in Article 15;

17.2.10 permits a Transfer in violation of the provisions of Article 16 of this Agreement;

17.2.11 fails, or Franchisee's legal representative fails, to transfer the interests in this Franchise Agreement and the Franchised Business upon death or permanent disability of Franchisee or any Principal of Franchisee as required by Section 16.7.

17.2.12 has misrepresented or omitted material facts in applying for, or in operating, the Franchise;

17.2.13 is convicted of, or pleads no contest to, a felony or to a crime that could damage the goodwill associated with the Marks; or does anything (whether criminal or otherwise) to harm the reputation of the System or the goodwill associated with the Marks;

17.2.14 receives an adverse judgment or a consent decree in any case or proceeding involving allegations of fraud, racketeering, unfair or improper trade practices or similar claim which is likely to have an adverse effect on the System, or the Marks, the goodwill associated therewith or Franchisor's interest therein, in Franchisor's sole opinion;

17.2.15 conceals revenues, knowingly maintains false books or records, or knowingly submits any false reports;

17.2.16 creates a threat or danger to public health or safety from the construction, maintenance or operation of the Franchised Business;

17.2.17 refuses to permit Franchisor to inspect or audit Franchisee's books or records;

17.2.18 makes any unauthorized use of the Marks or copyrighted material or any unauthorized use or disclosure of Confidential Information (as defined in Section 19.2);

17.2.19 fails to comply with the non-competition covenants in Section 19.5;

17.2.20 defaults in the performance of Franchisee's obligations under this Agreement three (3) or more times during the term of this Agreement or has been given at least two (2) notices of default in any consecutive twelve (12)-month period, whether or not the defaults have been corrected;

17.2.21 has insufficient funds to honor a check or electronic funds transfer two (2) or more times within any consecutive twelve (12)-month period;

17.2.22 defaults, or an affiliate of Franchisee defaults, under any other agreement, including any other franchise agreement, with Franchisor or any of its affiliates, suppliers or landlord and does not cure such default within the time period provided in such other agreement; or

17.2.23 terminates this Agreement, including by ceasing to operate the Franchised Business, without cause.

17.3 Curable Defaults. Franchisee shall be deemed to be in material default and Franchisor may, at its option, terminate this Agreement and all rights granted hereunder, if Franchisee fails to cure the

default within the time period set forth in this Section 17.3, effective immediately upon notice to Franchisee, if Franchisee, or any Principal, as the case may be:

17.3.1 fails to pay when due any amounts due to Franchisor under this Agreement or any related agreement and does not correct the failure within ten (10) days after written notice; provided, however, Franchisor has no obligation to give written notice of a late payment more than two (2) times in any twelve (12)-month period, and the third such late payment in any twelve (12)-month period shall be a non-curable default under Sections 17.2.20 and/or 17.2.21;

17.3.2 fails to perform any non-monetary obligation imposed by this Agreement (excepting those defaults of obligations set forth in Sections 17.1 and 17.2 for which there is no opportunity to cure) and such default shall continue for ten (10) days after Franchisor has given written notice of such default, or if the default cannot be reasonably corrected within said ten (10)-day period, then if it is not corrected within such additional time as may be reasonably required assuming Franchisee proceeds diligently to cure; provided, however, Franchisor has no obligation to give written notice of a non-monetary default more than two (2) times in any twelve (12)-month period, and the third such default, whether monetary or non-monetary, in any twelve (12) – month period shall be a non-curable default under Section 17.2.20.

17.4 Franchisor's Cure of Franchisee's Defaults. In the event of a default by Franchisee, in addition to Franchisor's right to terminate the Franchise Agreement, and not in lieu thereof, Franchisor may, but has no obligation to:

17.4.1 effect a cure on Franchisee's behalf and at Franchisee's expense, and Franchisee shall immediately pay Franchisor the costs incurred by Franchisor upon demand; or

17.4.2 enter upon the Franchised Business location and exercise complete authority with respect to the operation thereof until such time as Franchisor determines that the default of Franchisee has been cured and that Franchisee is complying with the requirements of this Agreement. Franchisee specifically agrees that a designated representative of Franchisor may take over, control and operate the Franchised Business. In addition to all other fees paid under this Agreement, Franchisee shall pay Franchisor the then-current interim management support fee, plus any and all costs of travel, lodging, meals and other expenses reasonably incurred by Franchisor during Franchisor's operation thereof as compensation therefor. Further, Franchisee shall reimburse Franchisor for the full compensation paid to such representative including the cost of all fringe benefits plus all travel expenses, lodging, meals and other expenses reasonably incurred by such representative until the default has been cured and Franchisee is complying with the terms of this Agreement.

17.5 Notice to Suppliers. In the event of a default by Franchisee, in addition to Franchisor's right to terminate the Franchise Agreement, and not in lieu thereof, Franchisor reserves the right with five (5) days' prior written notice to Franchisee to direct suppliers to stop furnishing any and all products and supplies until such time as Franchisee's default is cured. In no event shall Franchisee have recourse against Franchisor for loss of revenue, customer goodwill, profits or other business arising from Franchisor's actions and the actions of suppliers.

17.6 Reimbursement of Costs. Franchisee shall reimburse Franchisor all costs and expenses, including but not limited to attorneys' fees, incurred by Franchisor as a result of Franchisee's default, including costs in connection with collection of any amounts owed to Franchisor and/or enforcement of Franchisor's rights under this Agreement.

## 18. POST-TERMINATION

18.1 Franchisee's Obligations. Upon termination or expiration of this Agreement, all rights and licenses granted hereunder to Franchisee shall immediately terminate and Franchisee and each Principal, if any, shall:

18.1.1 immediately cease to operate the Franchised Business, and shall not thereafter, directly or indirectly identify himself, herself or itself as a current Escapology owner, franchisee or licensee;

18.1.2 immediately and permanently cease to use the Marks, any imitation of any Mark, logos, copyrighted material or other intellectual property, confidential or proprietary material or indicia of a Escapology outlet, or use any trade name, trade or service mark or other commercial symbol that suggests a current or past association with Franchisor, Franchisor's affiliates, or the System. In particular, Franchisee shall cease to use, without limitation, all signs, billboards, advertising materials, displays, stationery, forms and any other articles, which display the Marks;

18.1.3 take such action as may be necessary to cancel any assumed name or equivalent registration that contains the Mark or any other service mark or trademark of Franchisor, and Franchisee shall furnish Franchisor with evidence of compliance with this obligation which is satisfactory to Franchisor, within five (5) days after termination or expiration of this Agreement;

18.1.4 promptly pay all sums owing to Franchisor and its affiliates. Such sums shall include all damages, costs and expenses, including reasonable attorneys' fees, incurred by Franchisor as a result of any default by Franchisee. The payment obligation herein shall give rise to and remain, until paid in full, a lien in favor of Franchisor against any and all of the personal property, furnishings, equipment, fixtures, and inventory owned by Franchisee and located at the Franchised Business outlet at the time of default;

18.1.5 pay to Franchisor all damages, costs and expenses, including reasonable attorneys' fees, incurred by Franchisor in connection with obtaining any remedy available to Franchisor for any violation of this Agreement and, subsequent to the termination or expiration of this Agreement, in obtaining injunctive or other relief for the enforcement of any provisions of this Agreement that survive its termination;

18.1.6 immediately deliver at Franchisee's sole cost and expense, to Franchisor the Manual and all records, files, instructions, correspondence, invoices, agreements, all confidential, proprietary and copyrighted material and all other materials related to operation of the Franchised Business, including but not limited to customer lists and records, (all of which are acknowledged to be Franchisor's property), delete all electronic copies and retain no copy or record of any of the foregoing, except Franchisee's copy of this Agreement and of any correspondence between the parties and any other documents that Franchisee reasonably needs for compliance with any provision of law; This specifically includes dismantling and rendering non-operational all Escape Room materials, fixtures, components and accessories and providing proof that the same has been completed;

18.1.7 comply with the non-disclosure and non-competition covenants contained in Article 19; and

18.1.8 in the event this Agreement is terminated due to Franchisee's default, pay Franchisor a lump sum payment (as liquidated damages and not as a penalty) in an amount equal to the average of the monthly Royalty Fee specified in the Franchise Agreement for the 36 calendar months preceding termination (or if you have been operating the Business for less than thirty-six (36) months, the

average of the months you operated the Business before termination), multiplied by the lesser of (i) thirty-six (36), or (ii) the number of months remaining in the term of the Franchise Agreement. Franchisee acknowledges that a precise calculation of the full extent of the damages Franchisor will incur in the event of termination of this Agreement as a result of Franchisee's default is difficult to determine and that this lump sum payment is reasonable in light thereof. The liquidated damages payable by Franchisee pursuant to this Section 18.1.8 shall be in addition to all other amounts payable under this Agreement and shall not affect Franchisor's right to obtain appropriate injunctive relief and remedies pursuant to any other provision of this Agreement.

## 18.2 Right to Purchase.

18.2.1 Franchisor shall have the option, to be exercised within thirty (30) days after Franchisee has provided an itemization and valuation of assets, to purchase from Franchisee any or all of the furnishings, equipment (including any computer system), signs, fixtures, advertising materials, supplies, and inventory of Franchisee related to the operation of the Franchised Business, at Franchisee's cost or fair market value, whichever is less. Franchisor shall purchase Franchisee's assets free and clear of any liens, charges, encumbrances or security interests and Franchisor shall assume no liabilities whatsoever, unless otherwise agreed to in writing by the parties. If the parties cannot agree on the fair market value within thirty (30) days of Franchisor's exercise of its option, fair market value shall be determined by two (2) appraisers, with each party selecting one (1) appraiser, and the average of their determinations shall be binding. In the event of such appraisal, each party shall bear its own legal and other costs and shall split the appraisal fees equally. If Franchisor elects to exercise its option to purchase herein provided, it shall have the right to set off (i) all fees for any such independent appraiser due from Franchisee, (ii) all amounts due from Franchisee to Franchisor or any of its affiliates and (iii) any costs incurred in connection with any escrow arrangement (including reasonable legal fees), against any payment therefor and shall pay the remaining amount in cash. Closing of the purchase shall take place no later than thirty (30) days after Franchisor notifies Franchisee that Franchisor exercises its option to purchase the assets.

18.2.2 With respect to the options described in Sections 18.2.1, Franchisee shall deliver to Franchisor in a form satisfactory to Franchisor, such warranties, releases of lien, bills of sale, assignments and such other documents and instruments that Franchisor deems necessary in order to perfect Franchisor's title and possession in and to the assets being purchased or assigned and to meet the requirements of all tax and government authorities. If, at the time of closing, Franchisee has not obtained all of these certificates and other documents, Franchisor may, in its sole discretion, place the purchase price in escrow pending issuance of any required certificates or documents.

18.2.3 Franchisor shall be entitled to assign any and all of its option in Section 18.2.1 to any other party, without the consent of Franchisee.

18.3 Assignment of Communications. Franchisee, at the option of Franchisor, shall assign to Franchisor all rights to the telephone numbers of the Franchised Business and any related public directory listing or other business listings and execute all forms and documents required by Franchisor and any telephone company at any time, to transfer such service and numbers to Franchisor. Further, Franchisee shall assign to Franchisor any and all social media and internet listings, domain names, internet advertising, websites, listings with search engines, electronic mail addresses or any other similar listing or usage related to the Franchised Business. Notwithstanding any forms and documents that may have been executed by Franchisee under Section 11.7, Franchisee shall provide Franchisor with all passwords and administrative rights, and hereby appoints Franchisor its true and lawful agent and attorney-in-fact with full power and authority, for the sole purpose of taking such action as is necessary to complete such assignment. This power of attorney shall survive the expiration or termination of this Agreement. Franchisee shall thereafter

use different telephone numbers, electronic mail addresses or other listings or usages at or in connection with any subsequent business conducted by Franchisee.

18.4 Survival. The rights and obligations of the parties contained in this Article 18 shall survive the expiration or sooner termination of this Agreement.

## **19. NON-DISCLOSURE AND NON-COMPETITION COVENANTS**

### **19.1 Operations Manual**

19.1.1 Franchisor has provided to Franchisee, on loan, a current copy of the Manual. The Manual may be made available to Franchisee in digital, electronic or computerized form or in some other form now existing or hereafter developed that would allow Franchisee to view the contents thereof. If the Manual (or any changes thereto) are provided in a form other than physical copy, Franchisee shall pay any and all costs to retrieve, review, use or access the Manual. To protect the reputation and goodwill of Franchisor and to maintain high standards of operation under Franchisor's Marks, Franchisee shall operate all aspects of the Franchised Business in accordance with the Manual, as they may from time to time be modified by Franchisor, other written directives that Franchisor may issue to Franchisee from time to time, whether or not such directives are included in the Manual, and any other manual and materials created or approved for use in the operation of the Franchised Business.

19.1.2 Franchisee and any and all Principals shall at all times treat the Manual, written directives, and other materials and any other confidential communications or materials, and the information contained therein, as confidential and shall maintain such information as trade secret and confidential in accordance with this Article and this Agreement. Franchisee and Franchisee's Principals, if any, shall not divulge and make such materials available to anyone other than those of Franchisee's employees who require the information contained therein to operate the Franchised Business. Franchisee shall, prior to disclosure, fully train and inform its employees on all the restrictions, terms and conditions under which it is permitted to use Franchisor's intellectual, proprietary and confidential information; and shall ensure its employees' compliance with such restrictions, terms and conditions. Franchisee, Franchisee's Principals, and any person working with Franchisee shall agree not, at any time to use, copy, duplicate, record or otherwise reproduce these materials, in whole or in part, or otherwise make the same available to any person other than those authorized above, without Franchisor's prior written consent.

19.1.3 The Manual, written directives, and other materials and any other confidential communications provided or approved by Franchisor shall at all times remain the sole property of Franchisor. Franchisee shall maintain the Manual and all Franchisor's confidential and proprietary materials at all times in a safe and secure location, shall take all reasonable measures to prevent unauthorized access thereto, whether any attempted unauthorized access takes the form of physical access or access via computer or telecommunications networks or otherwise, and shall report the theft or loss of the Manual, or any portion thereof, immediately to Franchisor. At a minimum, Franchisee shall, in the case of computer and telecommunications networks, use the latest available firewall, encryption and similar technology to prevent unauthorized access. Franchisee shall delete all electronic copies and return and cease using any physical copy of the Manual and other confidential and proprietary materials to Franchisor immediately upon request or upon transfer, termination or expiration of this Agreement.

19.1.4 Franchisor may from time to time revise the contents of the Manual and other materials created or approved for use in the operation of the Franchised Business. Franchisee expressly agrees to comply with each new or changed policy, standard or directive. In the event of any dispute as to the contents of the Manual, the terms of the master copy of the Manual maintained by Franchisor shall control.

19.2 Confidential Information. Franchisee along with its Principals acknowledge and accept that during the term of this Agreement Franchisee and any Principal will have access to Franchisor's trade secrets, including, but not limited to, game designs, methods, processes, customer lists, vendor partnerships and/or relationships, sales and technical information, financial information, costs, product prices and names, software tools and applications, website and/or email design, products, services, equipment, technologies and procedures relating to the operation of the Franchised Business; the Manual; methods of advertising and promotion; instructional materials; any other information which Franchisor may or may not specifically designate as "confidential" or "proprietary"; and the components of the System, whether or not such information is protected or protectable by patent, copyright, trade secret or other proprietary rights (collectively referred to herein as the "Confidential Information"). Neither Franchisee nor any Principal shall, during the term of this Agreement and thereafter, communicate or divulge to, or use for the benefit of, any other person or entity, and, following the expiration or termination of this Agreement, shall not use for their own benefit, any Confidential Information that may be communicated to Franchisee or any Principal or of which Franchisee or any Principal may be apprised in connection with the operation of the Franchised Business under the terms of this Agreement. Franchisee and any Principal shall not divulge and make any Confidential Information available to anyone other than those of Franchisee's employees who require the Confidential Information to operate the Franchised Business. Franchisee and any Principal shall not at any time copy, duplicate, record or otherwise reproduce any Confidential Information, in whole or in part, or otherwise make the same available to any person other than those authorized above, without Franchisor's prior written consent. The covenant in this Section 19.2 shall survive the expiration, termination or transfer of this Agreement or any interest herein and shall be perpetually binding upon Franchisee and each Principal.

19.3 Protection of Information. Franchisee shall take all steps necessary, at Franchisee's own expense, to protect the Confidential Information and shall immediately notify Franchisor if Franchisee finds that any Confidential Information has been divulged in violation of this Agreement.

19.4 New Concepts. If Franchisee or any Principal develops any new concept, process, product, puzzle designs, or improvement in the operation or promotion of the Franchised Business ("Improvements"), Franchisee is required to promptly notify Franchisor and provide Franchisor with all related information, processes, products, puzzle designs or other improvements, and sign any and all forms, documents and/or papers necessary for Franchisor to obtain full proprietary rights to such Improvements, without compensation and without any claim of ownership or proprietary rights to such Improvements. Franchisee and any Principal acknowledge that any such Improvements will become the property of Franchisor, and Franchisor may use or disclose such information to other franchisees as it determines to be appropriate.

19.5 Noncompetition Covenants. Franchisee and each Principal, if any, specifically acknowledge that, pursuant to this Agreement, Franchisee and each Principal, if any, will receive valuable training, trade secrets and Confidential Information of the System that are beyond the present knowledge, training and experience of Franchisee, each Principal and Franchisee's managers and employees. Franchisee and each Principal, if any, acknowledge that such specialized training, trade secrets and Confidential Information provide a competitive advantage and will be valuable to them in the development and operation of the Franchised Business, and that gaining access to such specialized training, trade secrets and Confidential Information is, therefore, a primary reason why Franchisee and each Principal, if any, are entering into this Agreement. In consideration for such specialized training, trade secrets, Confidential Information and rights, Franchisee and each Principal, if any, covenant that, except as otherwise approved in writing by Franchisor:

19.5.1 During the term of this Agreement, Franchisee and each Principal, if any, shall not, either directly or indirectly, for themselves or through, on behalf of, or in conjunction with, any person or entity (i) divert, or attempt to divert, any business or customer of the Franchised Business or of other franchisees in the System to any competitor, by direct or indirect inducement or otherwise; (ii) participate as an owner, partner, director, officer, employee, consultant or agent or serve in any other capacity in any escape room business similar to the System; (iii) do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and the System; or (iv) in any manner interfere with, disturb, disrupt, decrease or otherwise jeopardize the business of the Franchisor or any Escapology franchisees or Franchisor-affiliated outlets.

19.5.2 Upon the expiration or earlier termination of this Agreement or upon a Transfer and continuing for eighteen (18) months thereafter, Franchisee and Principals, if any, shall not, either directly or indirectly, for themselves or through, on behalf of or in conjunction with any person or entity (i) divert, or attempt to divert, any business or customer of the Franchised Business or of other franchisees in the System to any competitor, by direct or indirect inducement or otherwise; or (ii) participate as an owner, partner, director, officer, employee, consultant or agent or serve in any other capacity in any escape room business within ten (10) miles of the Territory or any Escapology outlet location; or (iii) do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and the System; or (iv) in any manner interfere with, disturb, disrupt, decrease or otherwise jeopardize the business of the Franchisor or any Escapology franchisees.

19.6 Reasonableness of Restrictions. Franchisee and each Principal, if any, acknowledges and agrees that the covenants not to compete set forth in this Agreement are fair and reasonable and will not impose any undue hardship on Franchisee or Principals, if any, since Franchisee or Principals, as the case may be, have other considerable skills, experience and education which afford Franchisee or Principals, as the case may be, the opportunity to derive income from other endeavors.

19.7 Reduction of Time or Scope. If the period of time or the geographic scope specified above, should be adjudged unreasonable in any proceeding, then the period of time will be reduced by such number of months or the geographic scope will be reduced by the elimination of such portion thereof, or both, so that such restrictions may be enforced for such time and scope as are adjudged to be reasonable. In addition, Franchisor shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in this Paragraph 19 or any portion thereof, without Franchisee's consent, effective immediately upon receipt by Franchisee of written notice thereof, and Franchisee agrees to forthwith comply with any covenant as so modified.

19.8 Injunctive Relief. Franchisee and each Principal, if any, acknowledges that a violation of the covenants not to compete contained in this Agreement would result in immediate and irreparable injury to Franchisor for which no adequate remedy at law will be available. Accordingly, Franchisee and each Principal, if any, hereby consents to the entry of an injunction prohibiting any conduct by Franchisee or any Principal in violation of the terms of the covenants not to compete set forth in this Agreement.

19.9 No Defense. Franchisee and each Principal, if any, expressly agree that the existence of any claims they 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 Section.

19.10 Covenants of Employees, Agents and Third Persons. Franchisee shall require and obtain execution of covenants similar to those set forth in this Section (including covenants applicable upon the termination of a person's employment with Franchisee) from all employees, contractors or third persons who will have access to Franchisor's confidential and proprietary information. Such covenants shall be

substantially in the form set forth in Attachment 98 as revised and updated from time to time and contained in the Manual.

## **20. DISPUTE RESOLUTION**

20.1 Internal Dispute Resolution. Franchisee shall first bring any claim, controversy or dispute arising out of or relating to this Agreement, the Attachments hereto or the relationship created by this Agreement to Franchisor's president and/or chief executive officer for resolution. After providing notice as set forth in Section 21.7 below. Franchisee must exhaust this internal dispute resolution procedure before Franchisee may bring Franchisee's dispute before a third party. This agreement to first attempt resolution of disputes internally shall survive termination or expiration of this Agreement.

20.2 Mediation. At Franchisor's option, any claim, controversy or dispute that is not resolved pursuant to Section 20.1 hereof shall be submitted to non-binding mediation. Franchisee shall provide Franchisor with written notice of Franchisee's intent to pursue any unresolved claim, controversy or dispute, specifying in sufficient detail the nature thereof, prior to commencing any legal action. Franchisor shall have thirty (30) days following receipt of Franchisee's notice to exercise Franchisor's option to submit such claim, controversy or dispute to mediation. Mediation shall be conducted through a mediator or mediators in accordance with the American Arbitration Association Commercial Mediation Rules. Such mediation shall take place in the then-current location of Franchisor's corporate headquarters. The costs and expenses of mediation, including compensation and expenses of the mediator (and except for the attorney's fees incurred by either party), shall be borne by the parties equally. Franchisor may specifically enforce Franchisor's rights to mediation, as set forth herein.

20.3 Arbitration. Except disputes not subject to alternative dispute resolution as set forth in Section 20.4, any dispute between Franchisor and Franchisee and/or any Principal arising out of or relating to this Agreement, the Exhibits hereto or any breach thereof, including any claim that this Agreement or any of its parts, is invalid, illegal or otherwise voidable or void, which has not been resolved in accordance with Sections 20.1 or 20.2, will be resolved by submission to the American Arbitration Association or its successor organization to be settled by a single arbitrator in accordance with the Commercial Arbitration Rules then in effect for such Association or successor organization.

20.4 Governing Law and Venue. This Agreement is made in, and shall be substantially performed in, the State of Florida. Any claims, controversies, disputes or actions arising out of this Agreement shall be governed, enforced and interpreted pursuant to the laws of the State of Florida. Franchisee and its Principals, except where specifically prohibited by law, hereby irrevocably submit themselves to the sole and exclusive jurisdiction of the state and federal courts in Florida. Franchisee and its Principals hereby waive all questions of personal jurisdiction for the purpose of carrying out this provision.

20.4 Mutual Benefit. Franchisee, each Principal, if any, and Franchisor acknowledge that the parties' agreement regarding applicable state law and forum set forth in Section 20.4 provide each of the parties with the mutual benefit of uniform interpretation of this Agreement and any dispute arising hereunder. Each of Franchisee, its Principals, if any, and Franchisor further acknowledge the receipt and sufficiency of mutual consideration for such benefit and that each party's agreement regarding applicable state law and choice of forum have been negotiated in good faith and are part of the benefit of the bargain reflected by this Agreement.

20.5 Waiver of Certain Damages. Franchisee and each Principal, if any, hereby waive, to the fullest extent permitted by law, any right to or claim for any punitive, exemplary, incidental, indirect, special, consequential or other damages (including, without limitation, loss of profits) against Franchisor,

its affiliates, and their respective officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees, in their corporate and individual capacities, arising out of any cause whatsoever. Each of Franchisee and Principals, if any, agree that in the event of a dispute, Franchisee and each Principal shall be limited to the recovery of any actual direct compensatory damages sustained.

20.6 Injunctive Relief. Nothing herein contained (including, without limitation, Sections 20.1 through 20.3 above) shall bar Franchisor from the right to obtain immediate injunctive relief from any court of competent jurisdiction against threatened conduct by Franchisee that may cause Franchisor loss or damage, under the usual equity rules, including the applicable rules for obtaining specific performance, restraining orders, and preliminary injunctions.

20.7 Limitations of Claims. Any and all claims asserted by Franchisee arising out of or relating to this Agreement or the relationship with Franchisor will be barred unless a proceeding for relief is commenced within one (1) year from the date on which Franchisee knew or should have known of the facts giving rise to such claims.

20.8 Attorney's Fees. In the event of any action in law or equity by and between Franchisor and Franchisee concerning the operation, enforcement, construction or interpretation of this Agreement, the prevailing party in such action shall be entitled to recover reasonable attorney's fees and court costs incurred.

## 21. GENERAL

### 21.1 Relationship of the Parties.

21.1.1 Independent Licensee. Franchisee is and shall be an independent licensee under this Agreement, and no partnership shall exist between Franchisee and Franchisor. This Agreement does not constitute Franchisee as an agent, legal representative, or employee of Franchisor for any purpose whatsoever, and Franchisee is not granted any right or authority to assume or create any obligation for or on behalf of, or in the name of, or in any way to bind Franchisor. Franchisee agrees not to incur or contract any debt or obligation on behalf of Franchisor or commit any act, make any representation, or advertise in any manner which may adversely affect any right of Franchisor or be detrimental to Franchisor or other franchisees of Franchisor. Franchisor does not assume any liability, and will not be considered liable, for any agreements, representations, or warranties made by you which are not expressly authorized under this Agreement. Franchisor will not be obligated for any damages to any person or property which directly or indirectly arise from or relate to your operation of the Franchised Business. Pursuant to the above, Franchisee agrees to indemnify Franchisor and hold Franchisor harmless from any and all liability, loss, attorneys' fees, or damage Franchisor may suffer as a result of claims, demands, taxes, costs, or judgments against Franchisor arising out of any allegation of an agent, partner, or employment relationship.

21.1.2 No Relationship. Franchisee acknowledges and agrees that Franchisee alone exercises day-to-day control over all operations, activities, and elements of the Franchised Business, and that under no circumstance shall Franchisor do so or be deemed to do so. Franchisee further acknowledges and agrees, and will never claim otherwise, that the various restrictions, prohibitions, specifications, and procedures of the System which Franchisee is required to comply with under this Agreement, whether set forth in Franchisor's Operations Manual or otherwise, does not directly or indirectly constitute, suggest, infer or imply that Franchisor controls any aspect or element of the day-to-day operations of the Franchised Business, which Franchisee alone controls, but only constitute standards Franchisee must adhere to when exercising control of the day-to-day operations of the Franchised Business.

21.1.3 Franchisee's Employees. Franchisee acknowledges and agrees that any training Franchisor provides for Franchisee's employees is geared to impart to those employees, with Franchisee's ultimate authority, the various procedures, protocols, systems, and operations of an outlet pursuant to the System and in no fashion reflects any employment relationship between Franchisor and such employees. If ever it is asserted that Franchisor is the employer, joint employer or co-employer of any of Franchisee's employees in any private or government investigation, action, proceeding, arbitration or other setting, Franchisee irrevocably agree to assist Franchisor in defending said allegation, appearing at any venue requested by Franchisor to testify on Franchisor's behalf participate in depositions, other appearances or preparing affidavits rejecting any assertion that Franchisor is the employer, joint employer or co-employer of any of Franchisee's employees.

21.2 Successors. This Agreement shall bind and inure to the benefit of the successors and assigns of Franchisor and shall be personally binding on and inure to the benefit of Franchisee (including the individuals executing this Agreement on behalf of the Franchisee entity) and its or their respective heirs, executors, administrators and successors or assigns; provided, however, the foregoing provision shall not be construed to allow a transfer of any interest of Franchisee or Principals, if any, in this Agreement or the Franchised Business, except in accordance with Article 16 hereof.

21.3 Invalidity of Part of Agreement. Should any provisions in this Agreement, for any reason, be declared invalid, then such provision shall be invalid only to the extent of the prohibition without in any way invalidating or altering any other provision of this Agreement.

21.4 Entire Agreement. This Agreement, including all attachments, is the entire agreement of the parties, superseding all prior written or oral agreements of the parties concerning the same subject matter, and superseding all prior written or oral representations made to Franchisee, provided that nothing in this Agreement is intended to disclaim the representations made to Franchisee in Franchisor's Franchise Disclosure Document. No agreement of any kind relating to the matters covered by this Agreement and no amendment of the provisions hereof shall be binding upon either party unless and until the same has been made in writing and executed by all interested parties.

21.5 Construction. All terms and words used in this Agreement, regardless of the number and gender in which they are used, shall be deemed and construed to include any other number, singular or plural, and any other gender, masculine, feminine or neuter, as the context or sense of this Agreement or any provision herein may require, as if such words had been fully and properly written in the appropriate number and gender. All covenants, agreements and obligations assumed herein by Franchisee and any Principals shall be deemed to be joint and several covenants, agreements and obligations of each of the persons named as Franchisee, if more than one person is so named.

21.6 Captions. Captions and section headings are used herein for convenience only. They are not part of this Agreement and shall not be used in construing it.

21.7 Notices. Any and all notices required or permitted under this Agreement shall be in writing and shall be personally delivered or sent by expedited delivery service or certified or registered mail, return receipt requested, first class postage prepaid, or sent by facsimile or email (provided that the sender confirms the facsimile or email by sending an original confirmation copy by certified or registered mail or expedited delivery service within three (3) business days after transmission) to the respective parties at the addresses in the introductory paragraph hereof, unless and until a different address has been designated by written notice to the other party.

21.8 Effect of Waivers. No waiver, delay, omission or forbearance on the part of Franchisor to exercise any right, option, duty or power arising from any default or breach by Franchisee shall affect or

impair the rights of Franchisor with respect to any subsequent default of the same or of a different kind. Any use by Franchisee of the System or any part thereof at any place other than at the Franchised Business outlet approved by Franchisor shall not give Franchisee any rights not specifically granted hereunder. Failure to take action to stop such use shall not in any event be considered a waiver of the rights of Franchisor at any time to require Franchisee to restrict said use to the approved Franchised Business outlet.

21.9 Remedies Cumulative. All rights and remedies of the parties to this Agreement shall be cumulative and not alternative, in addition to and not exclusive of any other rights or remedies that are provided for herein or that may be available at law or in equity in case of any breach, failure or default or threatened breach, failure or default of any term, provision or condition of this Agreement or any other agreement between Franchisee or any of its affiliates and Franchisor or any of its affiliates. The rights and remedies of the parties to this Agreement shall be continuing and shall not be exhausted by any one or more uses thereof, and may be exercised at any time or from time to time as often as may be expedient; and any option or election to enforce any such right or remedy may be exercised or taken at any time and from time to time. The expiration, earlier termination or exercise of Franchisor's rights pursuant to Article 17 shall not discharge or release Franchisee or any Principal from any liability or obligation then accrued, or any liability or obligation continuing beyond, or arising out of, the expiration, the earlier termination or the exercise of such rights under this Agreement.

21.10 Consent to Do Business Electronically. The parties to the Franchise Agreement hereby consent to do business electronically. Pursuant to the Uniform Electronic Transactions Act as adopted by the State of Florida, the parties hereby affirm to each other that they agree with the terms of the Franchise Agreement and its Attachments, and by attaching their signature electronically to the Franchise Agreement, they are executing the document and intending to attach their electronic signature to it. Furthermore, the parties acknowledge that the other parties to the Franchise Agreement can rely on an electronic signature as the respective party's signature.

21.11 Counterparts. This Agreement may be executed in multiple counterparts, each of which when so executed shall be an original, and all of which shall constitute one and the same instrument.

21.12 Survival. Any obligation of Franchisee or any Principal that contemplates performance of such obligation after termination or expiration of this Agreement or the transfer of any interest of Franchisee or any Principal therein shall be deemed to survive such termination, expiration or transfer.

The parties hereto have executed this Franchise Agreement the day and year first above written.

FRANCHISOR:  
ESCAPOLOGY

By: \_\_\_\_\_

Charles Burton Heiss, Chief Executive Officer  
(Print Name, Title)

FRANCHISEE:

\_\_\_\_\_

By: \_\_\_\_\_

\_\_\_\_\_, \_\_\_\_\_  
(Print Name, Title)

PRINCIPAL:

\_\_\_\_\_

\_\_\_\_\_  
(Print Name)

PRINCIPAL:

\_\_\_\_\_

\_\_\_\_\_  
(Print Name)

**ATTACHMENT 1**

**TRADEMARKS**

Service Marks –

ESCAPOLOGY

ESCAPOLOGY 

ESCAPOLOGY 

**ATTACHMENT 2**

**TERRITORY**

[If there is no Approved Location on the Effective Date, insert: **\*\*TERRITORY AND ADDRESS TO BE DETERMINED AND INSERTED AFTER THE ESCAPOLOGY PREMISES IS IDENTIFIED BY FRANCHISEE AND APPROVED BY FRANCHISOR, IN ACCORDANCE WITH SECTION 8.1 OF THE FRANCHISE AGREEMENT, IN THE SITE SEACH AREA OF \_\_\_\_\_.**]

Territory (insert map and/or define by zip codes):

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Franchised Business Address:

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ATTACHMENT 3

RELEASE

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_ (“Franchisee”) and its Principal(s):

~~(collectively, “Franchisee’s Principal(s)”)~~, on behalf of themselves and their respective officers, directors, employees, successors, assigns, heirs, personal representatives, and all other persons acting on their behalf or claiming under them (collectively, the “Franchisee Releasors”), hereby release, discharge and hold harmless \_\_\_\_\_ Escapology, LLC (“Franchisor”), Escapology, LLC, , their parents, subsidiaries, affiliates, and each of their respective officers, directors, shareholders, employees, agents, attorneys, successors, and assigns (collectively, the “Franchisor Releasees”) from any suits, claims, controversies, rights, promises, debts, liabilities, demands, obligations, costs, expenses, actions, and causes of action of every nature, character and description, in law or in equity, whether presently known or unknown, vested or contingent, suspected or unsuspected arising under, relating to, or in connection with the Franchise Agreement dated \_\_\_\_\_ between Franchisee and Franchisor and any related agreements and the relationship created thereby, or the Franchised Business operated under the Franchise Agreement, or any claims or representations made relative to the sale of the franchise to operate such Franchised Business or under any federal or state franchise or unfair or deceptive trade practice laws, which any of the Franchisee Releasors now own or hold or have at any time heretofore owned or held against the Franchisor Releasees (collectively, the “Franchisee Released Claims”).

~~FRANCHISEE AND FRANCHISEE’S PRINCIPAL(S) ON BEHALF OF THEMSELVES AND THE FRANCHISEE RELEASORS WAIVE ANY RIGHTS AND BENEFITS CONFERRED BY ANY APPLICABLE PROVISION OF LAW EXISTING UNDER ANY FEDERAL, STATE OR POLITICAL SUBDIVISION THEREOF WHICH WOULD INVALIDATE ALL OR ANY PORTION OF THE RELEASE CONTAINED HEREIN BECAUSE SUCH RELEASE MAY EXTEND TO CLAIMS WHICH THE FRANCHISEE RELEASORS DO NOT KNOW OR SUSPECT TO EXIST IN THEIR FAVOR AT THE TIME OF EXECUTION OF THIS AGREEMENT. The Franchisee Releasors also covenant not to bring any suit, action, or proceeding, or make any demand or claim of any type, against any Franchisor Releasees with respect to any Franchisee Released Claim, and Franchisee and Franchisee’s Principal(s) shall defend, indemnify and hold harmless each of Franchisor Releasees against same.~~

Executed as of \_\_\_\_\_.

**Signature Page Follows**

\_\_\_\_\_ FRANCHISEE:

By: \_\_\_\_\_

\_\_\_\_\_,  
\_\_\_\_\_ (Name, Title)

\_\_\_\_\_ FRANCHISEES'S PRINCIPAL:

\_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_ Print Name: \_\_\_\_\_

**ATTACHMENT 4**

**ACH AUTHORIZATION**

Franchisor Name: **Escapology LLC**

I (We) hereby authorize Escapology, LLC, hereinafter called Franchisor, to initiate debit entries to my (our) Checking Account/Savings Account (Select One) indicated below at the depository financial institution named below, and to debit the same to such account. I (We) acknowledge that the origination of ACH transactions to my (our) account must comply with the provisions of U.S. Law, and that I will be responsible for any banking fees that my institution charges.

Financial Institution Name: \_\_\_\_\_ Branch: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_ Phone: \_\_\_\_\_

ACH/Routing Number: \_\_\_\_\_ Account Number: \_\_\_\_\_  
(Nine Digits)

This authorization is to remain in full force and effect until Franchisor has received a written replacement ACH Withdrawal Form notification from me. I (We) understand that revocation of this Authorization Agreement by me (us) may constitute an event of Default under the Franchise Agreement.

I (We) understand that the amount to be withdrawn by Franchisor will not be the same each month and I (We) therefore authorize all monetary transfers pursuant to Articles 6 and 18 of the Franchise Agreement.

\_\_\_\_\_  
Print Franchisee / Account Holder Name

\_\_\_\_\_  
Print Franchisee/Co-Account Holder Name

\_\_\_\_\_  
Franchisee/ Account Holder Signature-Date  
Signature-Date

\_\_\_\_\_  
Franchisee/Co-Account Holder

\_\_\_\_\_  
Daytime Phone Number

\_\_\_\_\_  
Email Address

**PLEASE ATTACH A VOIDED CHECK TO THIS FORM**

**Please Return Form to:**

Escapology, LLC  
11951 International Drive, #2D5  
Orlando, Florida 32821

**ATTACHMENT 54**

**COLLATERAL ASSIGNMENT OF LEASE**

**FOR VALUE RECEIVED**, the undersigned \_\_\_\_\_ ("Assignor") hereby assigns and transfers to Escapology, LLC, a Florida limited liability company with a notice address of 11951 International Drive, #2D5, Orlando, Florida 32821 ("Assignee"), all of Assignor's right, title and interest as tenant in, to and under that certain lease, a copy of which shall be attached hereto (the "Lease") respecting premises commonly known as \_\_\_\_\_. This Assignment is for collateral purposes only and except as specified herein, Assignee shall have no liability or obligation of any kind whatsoever arising from or in connection with this Assignment or the Lease unless Assignee takes possession of the premises demised by the Lease pursuant to the terms hereof and assumes the obligations of Assignor thereunder.

Assignor represents and warrants to Assignee that Assignor has full power and authority to so assign the Lease and Assignor's interest therein and that Assignor has not previously assigned or transferred, and is not obligated to assign or transfer, any of Assignor's interest in the Lease or the premises demised thereby.

Upon a default by Assignor under the Lease or under the franchise agreement for a Escapology outlet between Assignee and Assignor (the "Franchise Agreement"), or in the event of a default by Assignor under any document or instrument securing the Franchise Agreement, Assignee shall have the right and is hereby empowered to take possession of the Premises demised by the Lease, expel Assignor therefrom, and, in such event, Assignor shall have no further right, title or interest in the Lease.

Assignor agrees that it will not suffer or permit any surrender, termination, amendment or modification of the Lease without the prior written consent of Assignee. Throughout the term of the Franchise Agreement and any successor terms thereof, Assignor agrees that it shall elect and exercise all options to extend the term of or renew the Lease not less than thirty (30) days prior to the last day that the option must be exercised, unless Assignee otherwise agrees in writing. If Assignee does not otherwise agree in writing, and upon failure of Assignor to so elect to extend or renew the Lease as aforesaid, Assignor hereby appoints Assignee as its true and lawful attorney-in-fact to exercise such extension or renewal options in the name, place and stead of Assignor for the purpose of effecting such extension or renewal.

ASSIGNOR:

DATED: \_\_\_\_\_ By: \_\_\_\_\_  
\_\_\_\_\_  
(Print Name, Title)

DATED: \_\_\_\_\_

DATED: \_\_\_\_\_

**CONSENT AND AGREEMENT OF LANDLORD**

to that Conditional Assignment of Lease from \_\_\_\_\_ (Assignor) to Escapology, LLC (Assignee) dated \_\_\_\_\_ for the property known as \_\_\_\_\_.

The undersigned Landlord under the aforescribed Lease further hereby:

- (a) Agrees to notify Assignee in writing of and upon the failure of Assignor to cure any default by Assignor under the Lease;
- (b) Agrees that Assignee shall have the right, but shall not be obligated, to cure any default by Assignor under the Lease within thirty (30) days after delivery by Landlord of notice thereof in accordance with paragraph (a) above;
- (c) Consents to the foregoing Conditional Assignment and agrees that if Assignee takes possession of the Premises demised by the Lease and confirms to Landlord the assumption of the Lease by Assignee as tenant thereunder, Landlord shall recognize Assignee as tenant under the Lease, provided that Assignee cures within the thirty (30)-day period the non-monetary defaults, if any, of Assignor under the Lease;
- (d) Agrees that Assignee may further assign the Lease to a person, firm or corporation who shall agree to assume the tenant's obligations under the Lease and who is reasonably acceptable to Landlord and upon such assignment Assignee shall have no further liability or obligation under the Lease as assignee, tenant or otherwise.
- (e) Permits Assignee to enter upon the Premises without being guilty of trespass or any other crime or tort to de-identify the Premises as a Escapology outlet if Tenant fails to do so following termination of the Franchise Agreement or Lease, provided that Assignee shall repair any damage caused thereby.

DATED: \_\_\_\_\_

LANDLORD:

\_\_\_\_\_  
\_\_\_\_\_

ATTACHMENT 65

STATEMENT OF OWNERSHIP INTERESTS IN FRANCHISEE

Name

Percentage of Ownership

**ATTACHMENT 76**

**THIS INTERNET ADVERTISING, SOCIAL MEDIA, SOFTWARE, AND TELEPHONE LISTING AGREEMENT** (the “Agreement”) is made and entered into this day of \_\_\_\_\_ (the “Effective Date”), by and between Escapology, LLC, a Florida limited liability company with its principal place of business at 11951 International Drive, #2D5, Orlando, Florida 32821 (the “Franchisor”), and \_\_\_\_\_, a(n) \_\_\_\_\_, with its principal place of business located at \_\_\_\_\_ and \_\_\_\_\_’s principal(s), \_\_\_\_\_, an individual, residing at \_\_\_\_\_, and \_\_\_\_\_, an individual, residing at \_\_\_\_\_ (“Principal(s)"). \_\_\_\_\_ and Principal(s) shall be collectively referred to in this Agreement as the “Franchisee”.

**WHEREAS**, Franchisee desires to enter into a franchise agreement with Franchisor for an Escapology business (“Franchise Agreement”) which will allow Franchisee to conduct internet-based advertising, maintain social media accounts, use software, and use telephone listings linked to the Escapology brand.

**WHEREAS**, Franchisor would not enter into the Franchise Agreement without Franchisee’s agreement to enter into, comply with, and be bound by all the terms and provisions of this Agreement;

**NOW, THEREFORE**, for and in consideration of the foregoing and the mutual promises and covenants contained herein, and in further consideration of the Franchise Agreement and the mutual promises and covenants contained therein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. **Definitions**

All terms used but not otherwise defined in this Agreement shall have the meanings set forth in the Franchise Agreement. “Termination” of the Franchise Agreement shall include, but shall not be limited to, the voluntary termination, involuntary termination, or natural expiration thereof.

2. **Internet Advertising and Telephone Listings**

2.1 **Interest in Web Sites, Social Media Accounts, Other Electronic Listings and Software.** Franchisee may acquire (whether in accordance with or in violation of the Franchise Agreement) during the term of Franchise Agreement, certain right, title, or interest in and to certain domain names, social media accounts, hypertext markup language, uniform resource locator addresses, access to corresponding internet web sites, the right to hyperlink to certain web sites and listings on various internet search engines, and the right to use certain software (collectively, “Electronic Advertising and Software”) related to the Franchised Business or the Marks.

2.2 **Interest in Telephone Numbers and Listings.** Franchisee has or will acquire during the term of the Franchise Agreement, certain right, title, and interest in and to those certain telephone numbers and regular, classified, internet page, and other telephone directory listings (collectively, the “Telephone Listings”) related to the Franchised Business or the Marks.

2.3 **Transfer.** On Termination of the Franchise Agreement, or on periodic request of Franchisor, Franchisee will immediately:

2.3.1 direct all internet service providers, domain name registries, internet search engines, other listing agencies and software companies (collectively, the “Internet and Software Companies”) with which Franchisee has Electronic Advertising and Software: (i) to transfer all of Franchisee’s interest in such Electronic Advertising and Software to Franchisor; and (ii) to execute such documents and take such actions as may be necessary to effectuate such transfer. In the event Franchisor does not desire to accept any or all such Electronic Advertising and Software, Franchisee will immediately direct the Internet and Software Companies to terminate such Electronic Advertising and Software or will take such other actions with respect to the Electronic Advertising and Software as Franchisor directs; and

2.3.2 direct all telephone companies, telephone directory publishers, and telephone directory listing agencies (collectively, the “Telephone Companies”) with which Franchisee has Telephone Listings: (i) to transfer all Franchisee’s interest in such Telephone Listings to Franchisor; and (ii) to execute such documents and take such actions as may be necessary to effectuate such transfer. In the event Franchisor does not desire to accept any or all such Telephone Listings, Franchisee will immediately direct the Telephone Companies to terminate such Telephone Listings or will take such other actions with respect to the Telephone Listings as Franchisor directs.

2.4 Appointment; Power of Attorney. Franchisee hereby constitutes and appoints Franchisor and any officer or agent of Franchisor, for Franchisor’s benefit under the Franchise Agreement and this Agreement or otherwise, with full power of substitution, as Franchisee’s true and lawful attorney-in-fact with full power and authority in Franchisee’s place and stead, and in Franchisee’s name or the name of any affiliated person or affiliated company of Franchisee, to take any and all appropriate action and to execute and deliver any and all documents that may be necessary or desirable to accomplish the purposes of this Agreement. Franchisee further agrees that this appointment constitutes a power coupled with an interest and is irrevocable until Franchisee has satisfied all of its obligations under the Franchise Agreement and any and all other agreements to which Franchisee and any of its affiliates on the one hand, and Franchisor and any of its affiliates on the other, are parties, including without limitation this Agreement. Without limiting the generality of the foregoing, Franchisee hereby grants to Franchisor the power and right to do the following:

2.4.1 Direct the Internet and Software Companies to transfer all Franchisee’s interest in and to the Electronic Advertising and Software to Franchisor, or alternatively, to direct the Internet and Software Companies to terminate any or all of the Electronic Advertising and Software;

2.4.2 Direct the Telephone Companies to transfer all Franchisee’s interest in and to the Telephone Listings to Franchisor, or alternatively, to direct the Telephone Companies to terminate any or all of the Telephone Listings; and

2.4.3 Execute such standard assignment forms or other documents as the Internet and Software Companies and/or Telephone Companies may require in order to affect such transfers or terminations of Franchisee’s interest.

2.5 Certification of Termination. Franchisee hereby directs the Internet and Software Companies and Telephone Companies to accept, as conclusive proof of Termination of the Franchise Agreement, Franchisor’s written statement, signed by an officer or agent of Franchisor, that the Franchise Agreement has terminated.

2.6 Cessation of Obligations. After the Internet and Software Companies and the Telephone Companies have duly transferred all Franchisee’s interests as described in paragraph 2.3 above to Franchisor, as between Franchisee and Franchisor, Franchisee will have no further interest in, or obligations with respect to the particular Electronic Advertising and Software and/or Telephone Listings.

Notwithstanding the foregoing, Franchisee will remain liable to each and all of the Internet and Software Companies and Telephone Companies for the respective sums Franchisee is obligated to pay to them for obligations Franchisee incurred before the date Franchisor duly accepted the transfer of such interests, or for any other obligations not subject to the Franchise Agreement or this Agreement.

### 3. Miscellaneous

3.1 Release. Franchisee hereby releases, remises, acquits, and forever discharges each and all of the Internet and Software Companies and/or Telephone Companies and each and all of their parent corporations, subsidiaries, affiliates, directors, officers, stockholders, employees, and agents, and the successors and assigns of any of them, from any and all rights, demands, claims, damage, losses, costs, expenses, actions, and causes of action whatsoever, whether in tort or in contract, at law or in equity, known or unknown, contingent or fixed, suspected or unsuspected, arising out of, asserted in, assertible in, or in any way related to this Agreement.

3.2 Indemnification. Franchisee is solely responsible for all costs and expenses related to its performance, its nonperformance, and Franchisor's enforcement of this Agreement, which costs and expenses Franchisee will pay Franchisor in full, without defense or setoff, on demand. Franchisee agrees that it will indemnify, defend, and hold harmless Franchisor and its affiliates, and its and their directors, officers, shareholders, partners, members, employees, agents, and attorneys, and the successors and assigns of any and all of them, from and against, and will reimburse Franchisor and any and all of them for, any and all loss, losses, damage, damages, debts, claims, demands, or obligations that are related to or are based on this Agreement.

3.3 No Duty. The powers conferred on Franchisor hereunder are solely to protect Franchisor's interests and shall not impose any duty on Franchisor to exercise any such powers. Franchisee expressly agrees that in no event shall Franchisor be obligated to accept the transfer of any or all of Franchisee's interest in any matter hereunder.

3.4 Further Assurances. Franchisee agrees that at any time after the date of this Agreement, Franchisee will perform such acts and execute and deliver such documents as may be necessary to assist in or accomplish the purposes of this Agreement.

3.5 Successors, Assigns, and Affiliates. All Franchisor's rights and powers, and all Franchisee's obligations, under this Agreement shall be binding on Franchisee's successors, assigns, and affiliated persons or entities as if they had duly executed this Agreement.

3.6 Effect on Other Agreements. Except as otherwise provided in this Agreement, all provisions of the Franchise Agreement and exhibits and schedules thereto shall remain in effect as set forth therein.

3.7 Survival. This Agreement shall survive the Termination of the Franchise Agreement.

3.8 Governing Law. This Agreement shall be governed by and construed under the laws of the State of Florida, without regard to the application of Florida conflict of law rules.

-Remainder of Page Intentionally Blank-

The undersigned have executed or caused their duly authorized representatives to execute this Agreement as of the Effective Date.

FRANCHISOR:

**ESCAPOLOGY, LLC**

By: \_\_\_\_\_

Charles Burton Heiss, Chief Executive Officer

(Print Name, Title)

FRANCHISEE:

\_\_\_\_\_

By: \_\_\_\_\_

\_\_\_\_\_

(Print Name, Title)

PRINCIPAL:

\_\_\_\_\_

\_\_\_\_\_

(Print Name)

PRINCIPAL:

\_\_\_\_\_

\_\_\_\_\_

(Print Name)

**ATTACHMENT 87**

**GUARANTY**

This Guaranty and Covenant (this “Guaranty”) is given by the undersigned (“Guarantor”) on \_\_\_\_\_ to Escapology, LLC a Florida limited liability company (“Franchisor”), in order to induce Franchisor to enter into that certain Franchise Agreement dated of even date herewith (the “Franchise Agreement”) with \_\_\_\_\_, a(n) \_\_\_\_\_ and \_\_\_\_\_ (collectively “Franchisee”).

Guarantor acknowledges that Guarantor is the spouse of Franchisee’s Principal, as that term is used in the Franchise Agreement.

Guarantor acknowledges that Guarantor has read the terms and conditions of the Franchise Agreement and acknowledges that the execution of this Guaranty are in partial consideration for, and a condition to the granting of, the rights granted in the Franchise Agreement to Franchisee, and that Franchisor would not have granted these rights without the execution of this Guaranty by Guarantor.

Guarantor hereby individually makes, agrees to be bound by, and agrees to perform, all of the monetary obligations and non-competition covenants and agreements of the Franchisee as set forth in the Franchise Agreement, including but not limited to, the covenants set forth in Sections 19.2, 19.5, 19.6, 19.8 and 19.9 of the Franchise Agreement (“Guaranteed Obligations”). Guarantor shall perform and/or make punctual payment to Franchisor of the Guaranteed Obligations in accordance with the terms of the Franchise Agreement or other applicable document forthwith upon demand by Franchisor.

This Guaranty is an absolute and unconditional continuing guaranty of payment and performance of the Guaranteed Obligations. This Guaranty shall not be discharged by renewal of any claims guaranteed by this instrument, change in ownership or control of the Franchisee entity, transfer of the Franchise Agreement, the suffering of any indulgence to any debtor, extension of time of payment thereof, nor the discharge of Franchisee by bankruptcy, operation of law or otherwise. Presentment, demand, protest, notice of protest and dishonor, notice of default or nonpayment and diligence in collecting any obligation under any agreement between Franchisee and Franchisor are each and all waived by Guarantor and/or acknowledged as inapplicable. Guarantor waives notice of amendment of any agreement between Franchisee and Franchisor and notice of demand for payment by Franchisee. Guarantor further agrees to be bound by any and all amendments and changes to any agreement between Franchisee and Franchisor.

Franchisor may pursue its rights against Guarantor without first exhausting its remedies against Franchisee and without joining any other guarantor hereto and no delay on the part of Franchisor in the exercise of any right or remedy shall operate as a waiver of such right or remedy, and no single or partial exercise by Franchisor of any right or remedy shall preclude the further exercise of such right or remedy.

If other guarantors have guaranteed any and or all of the Guaranteed Obligations, their liability shall be joint and several to that of Guarantor.

Until all of the Guaranteed Obligations have been paid in full and/or performed in full, Guarantor shall not have any right of subrogation, unless expressly given to Guarantor in writing by Franchisor.

All Franchisor’s rights, powers and remedies hereunder and under any other agreement now or at any time hereafter in force between Franchisor and Guarantor shall be cumulative and not alternative and shall be in addition to all rights, powers and remedies given to Franchisor by law.

Should any one or more provisions of this Guaranty be determined to be illegal or unenforceable, all other provisions nevertheless shall remain effective.

This Guaranty shall extend to and inure to the benefit of Franchisor and its successors and assigns and shall be binding on Guarantor and its successors and assigns.

Guarantor has signed this Guaranty as of the date set forth above.

GUARANTOR - SPOUSE OF FRANCHISEE'S PRINCIPAL:

\_\_\_\_\_  
Print Name: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

**ATTACHMENT 98**

**CONFIDENTIALITY AND NON-COMPETE AGREEMENT**

This Confidentiality and Non-Compete Agreement (the “Agreement”) is made and entered into this \_\_\_ day of \_\_\_\_\_, by \_\_\_\_\_, a(n) \_\_\_\_\_ (“Franchisee”), a franchisee of Escapology, LLC, a Florida limited liability company (“Franchisor”), and \_\_\_\_\_, an individual (“Covenantor”) in connection with a Franchise Agreement dated.

**WHEREAS**, Franchisee and Franchisor are parties to a franchise agreement dated \_\_\_\_\_ (the “Franchise Agreement”), whereby Franchisor has granted Franchisee the right to use certain trademarks, including, the registered trademark “Escapology” and design mark, and certain proprietary products, services, promotions and methods (the “System”) for the establishment and operation of a Escapology franchise (the “Franchised Business”);

**WHEREAS**, in connection with his or her duties, it will be necessary for Covenantor to have access to some or all of the confidential information, knowledge, know-how, techniques, contents of the Escapology operations manual and other materials used in or related to the System and/or concerning the methods of operation of the System (collectively referred to as “Confidential Information”);

**WHEREAS**, the Confidential Information provides economic advantages to Franchisor and licensed users of the System, including Franchisee;

**WHEREAS**, Franchisee has acknowledged the importance of restricting the use, access and dissemination of the Confidential Information, and Franchisee therefore has agreed to obtain from Covenantor a written agreement protecting the Confidential Information and further protecting the System against unfair competition; and

**WHEREAS**, Covenantor acknowledges that receipt of and the right to use the Confidential Information constitutes independent valuable consideration for the representations, promises and covenants made by Covenantor herein.

**NOW, THEREFORE**, in consideration of the mutual covenants and obligations contained herein, the parties agree as follows:

**1. Confidentiality Agreement.**

**a.** Covenantor shall, at all times, maintain the confidentiality of the Confidential Information and shall use such Confidential Information only in the course of his or her employment by or association with Franchisee in connection with the operation of a Franchised Business under the Franchise Agreement.

**b.** Covenantor shall not at any time make copies of any documents or compilations containing some or all of the Confidential Information without Franchisor’s express written permission.

**c.** Covenantor shall not at any time disclose or permit the disclosure of the Confidential Information except, and only then to the limited extent necessary, to those employees of Franchisee for training and assisting such employees in the operation of the Franchised Business.

**d.** Covenantor shall surrender any material containing some or all of the Confidential Information to Franchisee or Franchisor, upon request, or upon termination of employment or association with Franchisee.

**e.** Covenantor shall not at any time, directly or indirectly, do any act or omit to do any act that would or would likely be injurious or prejudicial to the goodwill associated with the System.

**f.** Covenantor agrees that no Confidential Information may be reproduced, in whole or in part, without written consent.

## **2. Covenants Not to Compete.**

**a.** In order to protect the goodwill and unique qualities of the System, and in consideration for the disclosure to Covenantor of the Confidential Information, Covenantor further agrees and covenants that during Covenantor's employment or association with Franchisee, Covenantor shall not, for Covenantor or through, on behalf of or in conjunction with any person or entity:

(i) divert, or attempt to divert, any business, customer or referral source of the Franchised Business or of other Escapology franchisees in the System to any competitor, by direct or indirect inducement or otherwise,

(ii) participate as an owner, partner, director, officer, employee, consultant, or agent or serve in any other capacity in any escape room business substantially similar to the System.

**b.** In further consideration for the disclosure to Covenantor of the Confidential Information and to protect the goodwill and unique qualities of the System, Covenantor further agrees and covenants that, upon the termination of Covenantor's employment or association with Franchisee and continuing for eighteen (18) months thereafter, Covenantor shall not, for Covenantor or through, on behalf of or in conjunction with any person or entity:

(i) divert, or attempt to divert, any business, customer or referral source of the Franchised Business or of other franchisees in the Escapology System to any competitor, by direct or indirect inducement or otherwise,

(ii) participate as an owner, partner, director, officer, employee, consultant or agent or serve in any other capacity in any real estate and property imagery business within the within ten (10) miles outside of the boundaries of the Franchisee's Territory or within ten (10) miles of any Escapology office location.

**c.** The parties acknowledge and agree that each of the covenants contained herein are reasonable limitations as to time, geographical area, and scope of activity to be restrained and do not impose a greater restraint than is necessary to protect the goodwill or other business interests of Franchisor.

**d.** If the period of time or the geographic scope specified Section 2.b. above, should be adjudged unreasonable in any proceeding, then the period of time will be reduced by such number of months or the geographic scope will be reduced by the elimination of such portion thereof, or both, so that such restrictions may be enforced for such time and scope as are adjudged to be reasonable. In addition, 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 Covenantor's or Franchisee's consent, effective immediately upon receipt by Covenantor of written notice thereof, and Covenantor agrees to forthwith comply with any covenant as so modified.

## **3. General.**

**a.** Franchisee shall take full responsibility for ensuring that Covenantor acts as required by this Agreement.

**b.** Covenantor agrees that in the event of a breach of this Agreement, Franchisor would be irreparably injured and be without an adequate remedy at law. Therefore, in the event of such a breach, or threatened or attempted breach of any of the provisions hereof, Franchisee is obligated to enforce the provisions of this Agreement and shall be entitled, in addition to any other remedies that are made available to it at law or in equity, to a temporary and/or permanent injunction and a decree for the specific performance of the terms of this Agreement, without the necessity of showing actual or threatened harm and without being required to furnish a bond or other security.

**c.** Covenantor agrees to pay all expenses (including court costs and reasonable attorneys' fees) incurred by Franchisor and Franchisee in enforcing this Agreement.

**d.** Any failure Franchisee to object to or take action with respect to any breach of any provision of this Agreement by Covenantor shall not operate or be construed as a waiver of or consent to that breach or any subsequent breach by Covenantor.

**e.** THIS AGREEMENT SHALL BE INTERPRETED BY AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE OF FLORIDA. COVENANTOR HEREBY IRREVOCABLY SUBMITS HIMSELF OR HERSELF TO THE JURISDICTION OF THE STATE AND FEDERAL COURTS OF FLORIDA. COVENANTOR HEREBY WAIVES ALL QUESTIONS OF PERSONAL JURISDICTION OR VENUE FOR THE PURPOSE OF CARRYING OUT THIS PROVISION. COVENANTOR HEREBY AGREES THAT SERVICE OF PROCESS MAY BE MADE UPON COVENANTOR IN ANY PROCEEDING RELATING TO OR ARISING UNDER THIS AGREEMENT OR THE RELATIONSHIP CREATED BY THIS AGREEMENT BY ANY MEANS ALLOWED BY THE LAWS OF SUCH STATE OR FEDERAL LAW. COVENANTOR FURTHER AGREES THAT VENUE FOR ANY PROCEEDING RELATING TO OR ARISING OUT OF THIS AGREEMENT SHALL BE IN THE STATE OF FLORIDA; PROVIDED, HOWEVER, WITH RESPECT TO ANY ACTION THAT INCLUDES INJUNCTIVE RELIEF OR OTHER EXTRAORDINARY RELIEF, FRANCHISOR OR FRANCHISEE MAY BRING SUCH ACTION IN ANY COURT IN ANY STATE THAT HAS JURISDICTION.

**f.** The parties agree that each of the foregoing covenants contained herein shall be construed as independent of any other covenant or provision of this Agreement.

**g.** Covenantor acknowledges and agrees that each of the covenants contained herein will not impose any undue hardship on Covenantor since Covenantor has other considerable skills, experience and education which affords Covenantor the opportunity to derive income from other endeavors.

**h.** This Agreement contains the entire agreement of the parties regarding the subject matter hereof. This Agreement may be modified only by a duly authorized writing executed by all parties.

**i.** All notices and demands required to be given hereunder shall be in writing and shall be delivered personally or by certified or registered mail, postage prepaid, addressed to the party for whom intended, and shall be deemed given on the date of delivery or the date delivery is refused. All such notices shall be addressed to the party to be notified at the following addresses:

If directed to Franchisee:

\_\_\_\_\_  
\_\_\_\_\_

If directed to Covenantor:

\_\_\_\_\_  
\_\_\_\_\_

Any change in the foregoing addresses shall be effected by giving written notice of such change to the other parties.

**j.** Franchisor is an intended third-party beneficiary of this Agreement, and Franchisor may take whatever action it deems necessary to enforce Covenantor's obligations hereunder. The rights and

remedies of Franchisor under this Agreement are fully assignable and transferable and shall inure to the benefit of its respective affiliates, successors and assigns.

**k.** The respective obligations of Franchisee and Covenantor hereunder may not be assigned by Franchisee or Covenantor, without the prior written consent of Franchisor.

The undersigned have entered into this Confidentiality and Non-Compete Agreement as witnessed by their signatures below.

FRANCHISEE:

\_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

COVENANTOR:

\_\_\_\_\_

Name: \_\_\_\_\_

**EXHIBIT C**  
**MULTI-UNIT DEVELOPMENT AGREEMENT**

**ESCAPOLOGY, LLC  
MULTI-UNIT DEVELOPMENT AGREEMENT**

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Attachment 1: Trademarks

Attachment 2: Development Area Description

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THIS MULTI-UNIT DEVELOPMENT AGREEMENT (this “Agreement”) is being entered into this day of \_\_\_\_\_, (the “Effective Date”) by and between Escapology, LLC, a Florida limited liability company with a principal business address 11951 International Drive, #2D5, Orlando, Florida 32821 (herein “Franchisor”) and \_\_\_\_\_, an individual residing at \_\_\_\_\_ and \_\_\_\_\_, an individual residing at \_\_\_\_\_ (individually and together herein “Developer”).

## RECITATIONS

Through the expenditure of considerable time, effort and money Franchisor has developed and established a physical adventure game in which players solve a series of puzzles and riddles using clues, hints, and strategy to complete the objectives at hand using the trademark “Escapology”, and using Franchisor’s confidential operations manual (“Manual”) of business practices and policies, and Franchisor’s distinctive, décor, fixtures and furnishings, operations methods, sales techniques, inventory, procedures for management control and training, assistance, advertising, and promotional programs, all of which may be changed, improved or further developed by Franchisor at any time (taken together herein the “System”).

The System is identified by certain trade names, service marks, trademarks, logos, emblems and indicia of origin, including but not limited to Escapology service marks, as set forth in Attachment 1, and such other trade names, service marks, and trademarks as are now designated and may hereafter be designated or substituted by Franchisor for use in connection with the System (the “Marks”).

Franchisor continues to develop, use, and control the use of such Marks in order to identify for the public the source of services and products marketed under the Marks and the System and to represent the System’s high standards of quality, appearance, and service.

Pursuant to franchise agreements, Franchisor licenses to others the right to operate Franchised Businesses, using the Marks and System, in strict conformity therewith, which may be changed, improved and further developed by Franchisor from time to time (each a “Franchise Agreement”).

Developer understands and acknowledges the importance of Franchisor’s high and uniform standards of quality, service, and appearance, and the necessity of operating franchised businesses of the System in conformity with Franchisor’s standards and specifications.

Developer desires to obtain the right to further develop and expand the System in accordance with the development schedule described in Section 5.2 hereof (the "Mandatory Development Schedule") within the development area described in Attachment 2 (the "Development Area"), under the System and Marks, on the terms and conditions set forth in this Agreement;

NOW, THEREFORE, the parties, in consideration of the promises, undertakings and commitments of each party to the other set forth herein, and intending to be legally bound hereby, mutually agree as follows:

**1. RECITATIONS.** The Recitations set out above form part of this Agreement.

**2. GRANT OF DEVELOPMENT RIGHTS.**

2.1 Grant. Franchisor hereby grants to Developer, and the Developer hereby accepts from the Franchisor, on the terms and conditions set forth in this Agreement, which includes, but is not limited to, the execution of a Franchise Agreement pursuant to Section 4.1 hereof, the right to develop, construct, open and operate one Franchised Business within the Development Area set forth in Attachment 2. Developer shall be granted rights to establish additional Franchised Businesses in the Development Area, up to the total number of outlets set forth in the Mandatory Development Schedule set forth in Section 5.2 hereof, subject to Developer's full compliance with all conditions precedent to the grant of such rights outlined below, which rights shall be exercised in accordance with Section 4.1 hereof.

2.2 Reservation of Rights. Notwithstanding the provisions of Section 2.1 above, Developer understands and agrees offer (i) other products or services not offered under the Marks, (ii) other concepts under the Marks or other trademarks, and (iii) products or services through any channel in the Territory other than a dedicated Escapology outlet, such as distribution through the internet ("Alternate Distribution Channels"). Franchisee will receive no compensation for Franchisor's sales through Alternate Distribution Channels made within the Territory, except as may be set forth in the Manual. ("Alternate Distribution Channels").

2.3 No License to System and Marks. Developer expressly acknowledges that this Agreement is not a Franchise Agreement and does not grant to Developer any right or license to operate a Franchised Business, distribute any product or service, or use the Marks. This Agreement sets forth conditions which, if fully satisfied, confer upon Developer the rights to enter a Franchise Agreement with Franchisor to establish one or more Franchised Businesses in the Development Area only. Developer's rights to open and operate a Franchised Business and use the System and Marks shall be derived only through the execution of a Franchise Agreement for each Franchised Business to be established in the Development Area.

**3. TERM.** Unless sooner terminated in accordance with this Agreement, the term of this Agreement and all rights granted by Franchisor under this Agreement shall expire on the date on which Developer successfully and in a timely manner has complied with all of Developer's obligations hereunder and has completed the development obligations in accordance with the Development Schedule.

**4. DEVELOPMENT AND FRANCHISE FEES.**

4.1 Multi-Unit Development Fee. In consideration of the rights granted under this Agreement, Developer shall pay Franchisor a development fee ("Development Fee") equal to

~~Fifty~~Fifteen Thousand Dollars (\$~~50~~15,000) for the first three (3) Franchised Business Developer agrees to develop as set forth on the Mandatory Development Schedule plus Ten Thousand Dollars (\$10,000.00) for each additional Franchised Business Developer agrees to develop as set forth on the Mandatory Development Schedule.

In addition to the Development Fee, Developer shall pay the Franchisor a discounted Initial Franchise Fee equal to Twenty Five Thousand Dollars (\$25,000) for each Franchised Business Developer agrees to develop.

**The Development Fee is fully earned at the time this Multi-Unit Development Agreement is signed and is not refundable under any circumstances.** Developer shall pay the full amount of the Development Fee to Franchisor upon Developer's execution of this Agreement.

4.2 Application of Development Fee. Contemporaneous with the execution of this Agreement, Developer shall execute the initial Franchise Agreement for the first Franchised Business to be established pursuant to the Mandatory Development Schedule. Developer shall receive the applicable credit from the Development Fee, which shall be applied to the Initial Franchise Fee due under the initial Franchise Agreement. Provided that Developer is in compliance with the Mandatory Development Schedule and is not otherwise in breach of this Agreement, upon the execution each of additional Franchise Agreement for a Franchised Business to be developed hereunder, Developer shall receive the applicable credit from the Development Fee, which shall be applied, as payment in full, of the Initial Franchise Fee payable pursuant to each such additional Franchise Agreement. Upon Franchisor's approval, Developer may enter into the initial Franchise Agreement or any subsequent Franchise Agreement as required under this Agreement using a newly formed entity, such as a limited liability company, corporation or partnership, for the sole purpose of entering into a Franchise Agreement and operating the Franchised Business pursuant thereto, provided that Developer shall also personally sign such Franchise Agreement as a principal.

## **5. EXERCISE OF DEVELOPMENT RIGHTS.**

5.1 Valid Exercise. Developer shall exercise the development rights granted hereunder only by entering into a separate Franchise Agreement with Franchisor for each Franchised Business for which a development right is granted. Developer shall execute and deliver to Franchisor, concurrently with the execution and delivery of this Agreement, Franchisor's current form of Franchise Agreement for the first Franchised Business to be established by Developer pursuant to the Mandatory Development Schedule. For each subsequent Franchised Business to be established hereunder, Developer shall execute and deliver to Franchisor Franchisor's then-current form of Franchise Agreement, which shall be presented to Developer together with Franchisor's then-current Franchise Disclosure Document. The then-current form of Franchise Agreement may differ from the current form of Franchise Agreement. Further, Developer acknowledges and agrees that Developer shall not receive any initial training related to each additional Franchised Business. Developer hereby waives all obligations by Franchisor to provide any training to Developer contained in each Franchise Agreement, other than the initial Franchise Agreement

executed concurrently with this Agreement, by and between Franchisor and Developer. Developer hereby acknowledges and agrees that the training Developer receives pursuant to the initial Franchise Agreement executed concurrently with this Agreement is sufficient to allow Developer to construct, equip, open and operate each of Developer’s Franchised Businesses in the Development Area.

5.2 Mandatory Development Schedule. Subsequent to Developer’s signing of this Agreement and the initial Franchise Agreement, and provided that all conditions in Section 5.4 hereof are satisfied or waived, upon the execution of a lease for Developer’s first Franchised Business, Developer shall execute an additional Franchise Agreement for the development of the second Franchised Business to be opened under the Mandatory Development Schedule. Provided that all conditions in Section 5.4 hereof are satisfied or waived, upon the execution of a lease for each subsequent Franchised Business to be developed by Developer, Developer shall execute an additional Franchise Agreement for the development of the next Franchised Business to be opened under the Mandatory Development Schedule. Notwithstanding the foregoing, Developer shall open the Franchised Businesses in accordance with the following schedule:

<b>Outlet for Development</b>	<b>Mandatory Open Date</b>
1	___ months following the Effective Date
2	___ months following the Effective Date
3	___ months following the Effective Date

Developer acknowledges and agrees that the terms of the Mandatory Development Schedule are reasonable and viable based upon Developer’s independent investigation and analysis. Failure by Developer to adhere to the Mandatory Development Schedule (including any extensions thereof approved by Franchisor in writing pursuant to Section 5.3 below) shall constitute a material event of default under this Agreement.

5.3 Extension of Mandatory Development Schedule. If Developer is unable to meet the Mandatory Development Schedule for any Franchised Business, Developer may seek a reasonable extension from Franchisor. Any request for an extension must be in writing and submitted to Franchisor at least sixty (60) days prior to the Mandatory Open Date for such outlet. Franchisor shall not unreasonably withhold consent for such reasonable extension provided that Developer has (i) submitted its extension request in a timely manner; (ii) demonstrated diligent efforts to meet the original Mandatory Open Date; and (iii) has at all times acted in good faith and is otherwise fulfilling its obligations under this Agreement.

5.4 Conditions to Exercise Developer’s Rights. All of the following conditions must be satisfied or waived, in Franchisor’s sole discretion, before Franchisor grants Developer the right to develop an additional Franchised Business in accordance with Section 5.1 hereof and pursuant to a Franchise Agreement:

- 5.4.1 Developer shall (i) request Franchisor's then-current Franchise Disclosure Document, (ii) submit to Franchisor all information and other documents requested by Franchisor prior to and as a basis for the issuance of Franchise Agreements in the System, (iii) submit to Franchisor all financial statements reasonably requested by Franchisor, and (iv) satisfy Franchisor's then-current financial criteria.
- 5.4.2 Developer shall be in full compliance with this Agreement, the Mandatory Development Schedule, and all Franchise Agreements with Franchisor and any other agreement with Franchisor or Franchisor's affiliates; and
- 5.4.3 Developer has demonstrated the management skills necessary for competent operation, organization, customer service and record keeping of an additional Franchised Business as determined by Franchisor, in Franchisor's sole discretion.
- 5.5 Termination for Failure of Condition. Notwithstanding anything to the contrary contained herein, in the event that Franchisor determines, in Franchisor's sole and absolute discretion, that any condition set forth in Section 5.4 hereof cannot be satisfied, Franchisor may terminate this Agreement upon written notice to Developer. Termination of this Agreement in accordance with this Section 5.5 shall have no effect on the validity of any other agreement between Franchisor and Developer, provided that Developer is in full compliance therewith.

## **6. TRANSFER.**

### **6.1 Transfers by Franchisor.**

6.1.1 Franchisor shall have the right to assign this Agreement, and all of Franchisor's rights and privileges hereunder, to any person, firm, corporation or other entity, without Developer's permission or prior knowledge, provided that, with respect to any assignment resulting in the subsequent performance by the assignee of Franchisor's obligations, the assignee shall expressly assume and agree to perform Franchisor's obligations hereunder. Specifically, and without limitation to the foregoing, Developer expressly affirms and agrees that Franchisor may: (i) sell Franchisor's assets and Franchisor's rights to the Marks and the System outright to a third party; (ii) engage in a public or private placement of some or all of Franchisor's securities; (iii) merge, acquire other corporations, or be acquired by another corporation, including competitors; (iv) undertake a refinancing, recapitalization, leveraged buy-out or other economic or financial restructuring; and (v) with regard to any or all of the above sales, assignments and dispositions, Developer expressly and specifically waives any claims, demands or damages arising from or relating to the loss of association with or identification of Franchisor. Nothing contained in this Agreement shall require Franchisor to remain in the business franchised herein or to offer the same products and services, whether or not bearing the Marks, in the event that Franchisor exercises its prerogative hereunder to assign Franchisor's rights in this Agreement.

6.1.2 Developer agrees 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 operating under the Marks or any other marks following Franchisor's purchase, merger, acquisition or affiliation, regardless of the location of the facilities (which Developer acknowledges may be within the Development Area, proximate thereto, or proximate to any of Developer's Franchised Businesses).

6.1.3 If Franchisor assigns its rights in this Agreement, nothing herein shall be deemed to require Franchisor or any of its affiliates to remain in the any line of business or to offer or sell any products or services to Developer.

6.2 Restrictions on Transfers by Developer. Developer's rights and duties under this Agreement are personal to Developer, and Franchisor has made this Agreement with Developer in reliance on Franchisor's perceptions of the individual and collective character, skill, aptitude, attitude, business ability, and financial capacity of Developer. Thus, no transfer, as hereafter defined, may be made without Franchisor's prior written approval. Franchisor may void any transfer made without such approval.

6.3 Transfers by Developer. Developer shall not directly or indirectly sell, assign, transfer, give, devise, convey or encumber this Agreement or any right granted or interest herein or hereunder (a "Transfer") or suffer or permit any such assignment, transfer, or encumbrance to occur by operation of law unless Developer first obtains the written consent of Franchisor, which Franchisor may or may not grant in Franchisor's sole discretion, and subject to the following:

6.3.1 The proposed transferee must be an individual of good moral character and otherwise meet Franchisor's then-applicable standards for multi-unit franchisees.

6.3.2 The transferee must have sufficient business experience, aptitude and financial resources to operate multiple Franchised Businesses and to comply with this Agreement;

6.3.3 The transferee has agreed to complete Franchisor's Initial Management Training Program to Franchisor's satisfaction;

6.3.4 Developer has paid all amounts owed to (i) Franchisor pursuant to this Agreement and all Franchise Agreements and other agreements between Franchisor and/or Franchisor's affiliates and Developer and (ii) third-party creditors;

6.3.5 The transferee has executed Franchisor's then-standard form of Multi-Unit Development Agreement, which may have terms and conditions different from this Agreement, for a term no less than the unexpired term of future development obligations due pursuant to the Mandatory Development Schedule of this Agreement;

6.3.6 Developer and the transferee shall have executed a general release, in a form satisfactory to Franchisor, of any and all claims against Franchisor and Franchisor's officers, directors, shareholders, members and employees in their corporate and individual capacities, including, without limitation, claims arising under federal, state and local laws, rules and ordinances. Developer agrees to subordinate any claims Developer may have against the transferee to Franchisor, and indemnify Franchisor against any claims by the transferee relating to misrepresentations in the transfer process, specifically excluding those representations made by Franchisor in the Franchise Disclosure Document given to the transferee;

6.3.7 Franchisor has granted written approval of the material terms and conditions of the Transfer, including, without limitation, that the price and terms of payment will not adversely affect the transferee's development obligations. However, Franchisor's approval of a Transfer is not in any way a representation or warranty of the transferee's success or the soundness of transferee's decision to purchase the Developer's development rights on such terms and conditions. Developer shall provide Franchisor all proposed transfer documents for Franchisor's review at least thirty (30) days prior to a closing of the proposed Transfer; and

6.3.8 If Developer, through Developer or any entity, finances any part of the sale price of the Transfer, Developer agrees that all obligations of the transferee under any notes, agreements or security interests to Developer or Developer's entity will be subordinate to the transferee's obligations to Franchisor.

6.4 Transfer Fee. As a condition to any Transfer, Developer shall pay Franchisor a transfer fee equal to Five Thousand Dollars (\$5,00.00) multiplied by the number of remaining Franchised Businesses to be developed hereunder; provided however, (i) for transfers among the individuals named as Developer in the introductory paragraph of this Agreement, and (ii) for a transfer to a spouse upon death or permanent disability of a Developer, no Transfer Fee shall be payable.

#### 6.5 Franchisor 's Right of First Refusal.

6.5.1 If Developer wishes to transfer all or part of his or her interest in this Agreement pursuant to any bona fide offer received from a third party to purchase such interest, then Developer shall promptly notify Franchisor in writing of each such offer, and shall provide such information and documentation relating to the offer, as Franchisor may require.

6.5.2 Franchisor has the right, exercisable by written notice to Developer within thirty (30) days after receipt of written notification and copies of all documentation required by Franchisor describing such offer, to buy the interest in this Agreement for the price and on the terms and conditions contained in the offer.

6.5.3 Developer further agrees, in the event Franchisor exercises its right of first refusal, notwithstanding anything to the contrary contained in the third-party offer, that (i)

Franchisor may substitute cash for any other form of consideration contained in the offer; (ii) at Franchisor 's option, Franchisor may pay the entire purchase price at closing; (iii) Franchisor 's credit will be deemed equal to the credit of any proposed transferee; (iv) Franchisor will have at least sixty (60) days to close the purchase; and (v) Franchisor will be entitled to receive from Developer all customary representations and warranties given by a seller of franchise development rights.

6.5.4 If Franchisor does not exercise its right to buy within thirty (30) days, Developer may thereafter transfer the interest to the transferee on terms no more favorable than those disclosed to Franchisor, provided that such transfer is subject to Franchisor 's prior written approval pursuant to Section 6.3 hereof. However, if (i) the sale to the transferee is not completed within one hundred twenty (120) days after the offer is given to Franchisor or (ii) there is any material change in the terms of the offer, the offer will again be subject to Franchisor's right of first refusal.

6.6 Death or Permanent Disability. The grant of rights under this Agreement is personal to Developer, and on the death or permanent disability of Developer, the executor, administrator, conservator, or other personal representative of Developer shall be required to transfer Developer's interest in this Agreement within six (6) months from the date of death or permanent disability, to a third party approved by Franchisor. Failure to transfer in accordance with the forgoing will constitute a material default and all the is granted by this Agreement will terminate. A transfer under this Section 6.6, including without limitation, transfer by devise or inheritance, is subject to the conditions for Transfers in this Article 6 and unless transferred by gift, devise or inheritance, subject to the terms of Section 6.5 above. For purposes of this Agreement, the term "permanent disability" means a mental or physical disability, impairment or condition that is reasonably expected to prevent or actually does prevent such person from providing continuous and material supervision of the development and operation of Developer's Franchised Businesses continuously for six (6) months from its onset.

Immediately after the death or permanent disability of such person, or while the rights granted under this Agreement is owned by an executor, administrator, guardian, personal representative or trustee of that person, the Developer's Escapology outlet(s) and remaining development schedule shall be supervised by an interim successor manager satisfactory to Franchisor, or Franchisor, in its sole discretion, may provide interim management at a fee equal to our then-current per diem rate for on-site management, plus any and all costs of travel, lodging, meals and other expenses reasonably incurred by Franchisor, pending transfer of the Developer's Escapology outlet(s) and remaining development schedule to the deceased or disabled individual's lawful heirs or successors.

## **7. DEFAULT AND TERMINATION.**

7.1 Default and Automatic Termination. Developer shall be deemed to be in material default under this Agreement, and all rights granted herein shall automatically terminate without notice to Developer, if any Developer shall become insolvent or makes a general

assignment for the benefit of creditors; or if any Developer files a voluntary petition under any section or chapter of federal bankruptcy law or under any similar law or statute of the United States or any state thereof, or admits in writing his or her inability to pay debts when due; or if any Developer is adjudicated a bankrupt or insolvent in proceedings filed against any of Developer under any section or chapter of federal bankruptcy laws or under any similar law or statute of the United States or any state; or if a bill in equity or other proceeding for the appointment of a receiver of any Developer or other custodian for Developer's business or assets is filed and consented to by any of Developer; or if a receiver or other custodian (permanent or temporary) of any Developer's assets or property, or any part thereof, is appointed by any court of competent jurisdiction; or if proceedings for a composition with creditors under any state or federal law should be instituted by or against any Developer; or if a final judgment remains unsatisfied or of record for thirty (30) days or longer (unless supersedeas bond is filed); or if any Developer is dissolved; or if execution is levied against any of Developer's business or property; or if suit to foreclose any lien or mortgage against any of Developer's Franchised Business premises or equipment is instituted against any Developer and not dismissed within thirty (30) days.

7.2 Defaults with No Opportunity to Cure. Developer shall be deemed to be in material default and Franchisor may, at its option, terminate this Agreement and all rights granted hereunder, without affording Developer any opportunity to cure the default, effective immediately upon notice to Developer, if Developer:

7.2.1 has misrepresented or omitted material facts in applying for the development rights granted hereunder;

7.2.2 falsifies any report required to be furnished Franchisor hereunder;

7.2.3 fails to comply with any federal, state or local law, rule or regulation, applicable to the development and operations of Developer's Franchised Businesses, including, but not limited to, the failure to pay taxes;

7.2.4 fails to develop the Franchised Businesses in accordance with the Mandatory Development Schedule.

7.2.5 attempts a Transfer in violation of the provisions of Article 6 of this Agreement;

7.2.6 is convicted of, or pleads no contest to, a felony or to a crime that could damage the goodwill associated with the Marks or does anything to harm the reputation of the System or the goodwill associated with the Marks;

7.2.7 receives an adverse judgment or a consent decree in any case or proceeding involving allegations of fraud, racketeering, unfair or improper trade practices or similar claim which is likely to have an adverse effect on the System, or the Marks, the goodwill associated therewith or Franchisor's interest therein, in Franchisor's sole opinion;

7.2.8 fails to comply with the non-disclosure and non-competition covenants in Article 8 hereof;

7.2.9 defaults, or an affiliate of any Developer defaults, under any other agreement, including any Franchise Agreement, with Franchisor or any of its affiliates, or with suppliers or any Developer's landlord and does not cure such default within the time period provided in such other agreement; or

7.2.10 terminates this Agreement without cause.

7.3 Curable Defaults. Developer shall be deemed to be in material default and Franchisor may, at its option, terminate this Agreement and all rights granted hereunder, if Developer fails to cure the default within the time period set forth in this Section 7.3, effective immediately upon notice to Developer, if Developer:

7.3.1 fails to pay when due any amounts due to Franchisor under this Agreement or any related agreement and does not correct the failure within five (5) days after written notice; provided, however, Franchisor has no obligation to give written notice of a late payment more than two (2) times in any twelve (12)-month period, and the third such late payment in any twelve (12)-month period shall be a non-curable default under Section 7.2;

7.3.2 fails to perform any non-monetary obligation imposed by this Agreement (excepting those defaults of obligations set forth in Sections 7.1 and 7.2 for which there is no opportunity to cure) and such default shall continue for five (5) days after Franchisor has given written notice of such default, or if the default cannot be reasonably corrected within said five (5)-day period, then if it is not corrected within such additional time as may be reasonably required assuming Developer proceeds diligently to cure; provided, however, Franchisor has no obligation to give written notice of a non-monetary default more than two (2) times in any twelve (12)-month period, and the third such default, whether monetary or non-monetary, in any twelve (12) - month period shall be a non-curable default under Section 7.2.

7.4 Post-Termination Obligations. Upon termination or expiration of this Agreement, all rights and licenses granted hereunder to Developer shall immediately terminate and Developer shall (i) immediately cease all development operations pursuant to this Agreement; and (ii) comply with the non-disclosure and non-competition covenants contained in Article 8.

## **8. NON-DISCLOSURE AND NON-COMPETITION COVENANTS.**

8.1 Confidential Information. Developer acknowledges and accepts that during the term of this Agreement, Developer will have access to Franchisor's trade secrets, including, but not limited to, formulas, recipes, methods, processes, customer lists, vendor partnerships and/or relationships, sales and technical information, financial information, costs,

product prices and names, software tools and applications, website and/or email design, products, services, equipment, technologies and procedures relating to the operation of the Franchised Business; the Manual; methods of advertising and promotion; instructional materials; any other information which Franchisor may or may not specifically designate as "confidential" or "proprietary"; and the components of the System, whether or not such information is protected or protectable by patent, copyright, trade secret or other proprietary rights (collectively referred to herein as the "Confidential Information"). Developer shall not, during the term of this Agreement and thereafter, communicate or divulge to, or use for the benefit of, any other person or entity, and, following the expiration or termination of this Agreement, shall not use for Developer's own benefit, any Confidential Information that may be communicated to Developer or of which Developer may be apprised in connection with the development of Franchised Businesses under the terms of this Agreement. Developer shall not at any time copy, duplicate, record or otherwise reproduce any Confidential Information, in whole or in part, or otherwise make the same available to any person, without Franchisor's prior written consent. The covenant in this Section 8.1 shall survive the expiration, termination or transfer of this Agreement or any interest herein and shall be perpetually binding upon Developer.

8.2 Protection of Information. Developer shall take all steps necessary, at Developer's own expense, to protect the Confidential Information and shall immediately notify Franchisor if Developer finds that any Confidential Information has been divulged in violation of this Agreement.

8.3 Noncompetition Covenants. Developer acknowledges that, pursuant to this Agreement and the Franchise Agreement, Developer will receive valuable training, trade secrets and Confidential Information of the System that are beyond the present knowledge, training, and experience of Developer. Developer acknowledges that such specialized training, trade secrets and Confidential Information provide a competitive advantage and will be valuable to him or her in the development and operation of Franchised Businesses, and that gaining access to such specialized training, trade secrets and Confidential Information is, therefore, a primary reason why Developer is entering into this Agreement. In consideration for such specialized training, trade secrets, Confidential Information and rights, Developer covenants that, except as otherwise approved in writing by Franchisor:

8.3.1 During the term of this Agreement, Developer shall not, either directly or indirectly, for himself or herself or through, on behalf of, or in conjunction with, any person or entity (i) divert, or attempt to divert, any business or customer of the Franchised Business or of other franchisees in the System to any competitor, by direct or indirect inducement or otherwise; (ii) participate as an owner, partner, director, officer, employee, consultant or agent or serve in any other capacity in any escape room business similar to the System; (iii) do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and the System; or (iv) in any manner interfere with, disturb, disrupt, decrease or otherwise jeopardize the business of the Franchisor or any Escapology franchisees or

Franchisor-affiliated outlets. 8.3.2 Upon the expiration or earlier termination of this Agreement or upon a Transfer and continuing for twenty-four (24) months thereafter, Developer shall not, either directly or indirectly, for himself or herself or through, on behalf of or in conjunction with any person or entity (i) divert, or attempt to divert, any business or customer of the Franchised Businesses to be developed hereunder or of other franchisees in the System to any competitor, by direct or indirect inducement or otherwise; or (ii) participate as an owner, partner, director, officer, employee, consultant or agent or serve in any other capacity in any Competitive Business within ten (10) miles of the Territory or any Escapology; or (iii) seek to employ any person who is at that time employed by Franchisor, or otherwise induce such person to leave his or her employment or (iv) do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and the System or (v) in any manner interfere with, disturb, disrupt, decrease or otherwise jeopardize the business of the Franchisor or any Escapology franchisees.

8.4 Reasonableness of Restrictions. Developer acknowledges and agrees that the covenants not to compete set forth in this Agreement are fair and reasonable and will not impose any undue hardship on Developer since Developer has other considerable skills, experience and education which afford Developer the opportunity to derive income from other endeavors.

8.5 Reduction of Time or Scope. If the period of time or the geographic scope specified above, should be adjudged unreasonable in any proceeding, then the period of time will be reduced by such number of months or the geographic scope will be reduced by the elimination of such portion thereof, or both, so that such restrictions may be enforced for such time and scope as are adjudged to be reasonable. In addition, Franchisor shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in this Article 8 or any portion thereof, without Developer's consent, effective immediately upon receipt by Developer of written notice thereof, and Developer agrees to forthwith comply with any covenant as so modified.

8.6 Injunctive Relief. Developer acknowledges that a violation of the covenants not to compete contained in this Agreement would result in immediate and irreparable injury to Franchisor for which no adequate remedy at law will be available. Accordingly, Developer hereby consents to the entry of an injunction prohibiting any conduct by Developer in violation of the terms of the covenants not to compete set forth in this Agreement.

8.7 No Defense. Developer expressly agrees that the existence of any claims he or she 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 Section.

**9. INDEMNIFICATION.** TO THE FULLEST EXTENT PERMITTED BY LAW, DEVELOPER AGREES TO EXONERATE AND INDEMNIFY AND HOLD HARMLESS ESCAPOLOGY, LLC AND ANY OF THE ABOVE'S PARENT COMPANY, SUBSIDIARIES, DIVISIONS, AFFILIATES, SUCCESSORS, ASSIGNS AND DESIGNEES (COLLECTIVELY REFERRED TO AS THE "ESCAPOLOGY INDEMNITEES") AS WELL AS THE ESCAPOLOGY DIRECTORS, OFFICERS, EMPLOYEES, AGENTS, SHAREHOLDERS, SUCCESSORS, DESIGNEES AND REPRESENTATIVES, FROM ALL CLAIMS BASED UPON ARISING OUT OF, OR IN ANY WAY RELATED TO THE DEVELOPMENT, OPERATION, CONDITION, OR ANY PART OF ANY OF DEVELOPER'S FRANCHISED BUSINESSES TO BE DEVELOPED HEREUNDER, THE PRODUCTS, THE PREMISES, OR ANY ASPECT OF THE REAL ESTATE CONNECTED TO ANY OF SUCH FRANCHISED BUSINESSES, WHETHER CAUSED BY DEVELOPER'S AGENTS OR EMPLOYEES, OR ARISING FROM DEVELOPER'S ADVERTISING OR BUSINESS PRACTICES. DEVELOPER AGREES TO PAY FOR ALL THE ESCAPOLOGY INDEMNITEES' LOSSES, EXPENSES (INCLUDING, BUT NOT LIMITED TO ATTORNEYS' FEES) OR CONCURRENT OR CONTRIBUTING LIABILITY INCURRED IN CONNECTION WITH ANY ACTION, SUIT, PROCEEDING, INQUIRY (REGARDLESS OF WHETHER THE SAME IS REDUCED TO JUDGMENT OR DETERMINATION), OR ANY SETTLEMENT THEREOF FOR THE INDEMNIFICATION GRANTED BY DEVELOPER HEREUNDER. THE ESCAPOLOGY INDEMNITEES SHALL HAVE THE RIGHT TO SELECT AND APPOINT INDEPENDENT COUNSEL TO REPRESENT ANY OF THE ESCAPOLOGY INDEMNITEES IN ANY ACTION OR PROCEEDING COVERED BY THIS INDEMNITY. DEVELOPER AGREES THAT TO HOLD THE ESCAPOLOGY INDEMNITEES HARMLESS, DEVELOPER WILL REIMBURSE THE ESCAPOLOGY INDEMNITEES AS THE COSTS AND EXPENSES ARE INCURRED BY THE ESCAPOLOGY INDEMNITEES.

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## **10. DISPUTE RESOLUTION.**

10.1 Internal Dispute Resolution. Developer shall first bring any claim, controversy or dispute arising out of or relating to this Agreement, the Exhibits and/or Attachments hereto or the relationship created by this Agreement to Franchisor's president and/or chief executive officer for resolution. After providing notice as set forth in Section 12.7 below. Developer must exhaust this internal dispute resolution procedure before Developer may bring Developer's dispute before a third party. This agreement to first attempt resolution of disputes internally shall survive termination or expiration of this Agreement.

10.2 Mediation. At Franchisor's option, any claim, controversy, or dispute that is not resolved pursuant to Section 10.1 hereof shall be submitted to non-binding mediation. Developer shall provide Franchisor with written notice of Developer's intent to pursue any unresolved claim, controversy or dispute, specifying in sufficient detail the nature thereof, prior to commencing any legal action. Franchisor shall have thirty (30) days following receipt of Developer's notice to exercise Franchisor's option to submit such claim, controversy or dispute to mediation. Mediation shall be conducted through a mediator or mediators in accordance with the American Arbitration Association

Commercial Mediation Rules. Such mediation shall take place in the then-current location of Franchisor's corporate headquarters. The costs and expenses of mediation, including compensation and expenses of the mediator (and except for the attorneys' fees incurred by either party), shall be borne by the parties equally. Franchisor may specifically enforce Franchisor's rights to mediation, as set forth herein.

10.3 Exceptions. Notwithstanding the requirements of Sections 10.2, the following claims shall not be subject to mediation:

10.3.1 Franchisor's claims for injunctive or other extraordinary relief;

10.3.2 disputes and controversies arising from the Sherman Act, the Clayton Act or any other federal or state antitrust law;

10.3.3 disputes and controversies based upon or arising under the Lanham Act, as now or hereafter amended, relating to the ownership or validity of the Marks; and

10.3.4 enforcement of Developer's post-termination obligations, including but not limited to, Developer's non-competition covenants.

DEVELOPER IRREVOCABLY WAIVES TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, SUBMITTED TO COURT PURSUANT TO THIS SECTION 10.3 OR OTHERWISE, NOTWITHSTANDING ANY STATE OR FEDERAL CONSTITUTIONAL OR STATUTORY RIGHTS OR PROVISIONS.

10.5 Governing Law and Venue. This Agreement is made in and shall be substantially performed in the State of Florida. Any claims, controversies, disputes, or actions arising out of this Agreement shall be governed, enforced and interpreted pursuant to the laws of the State of Florida. Developer and its Principals, except where specifically prohibited by law, hereby irrevocably submit themselves to the sole and exclusive jurisdiction of the state and federal courts in Florida. Developer and its Principals, hereby waive all questions of personal jurisdiction for the purpose of carrying out this provision.

10.6 Mutual Benefit. Developer and Franchisor acknowledge that the parties' agreement regarding applicable state law and forum set forth in Section 10.5 provide each of the parties with the mutual benefit of uniform interpretation of this Agreement and any dispute arising hereunder. Each of Developer and Franchisor further acknowledge the receipt and sufficiency of mutual consideration for such benefit and that each party's agreement regarding applicable state law and choice of forum have been negotiated in good faith and are part of the benefit of the bargain reflected by this Agreement.

10.7 Waiver of Certain Damages. Developer hereby waives, to the fullest extent permitted by law, any right to or claim for any punitive, exemplary, incidental, indirect, special, consequential, or other damages (including, without limitation, loss of profits) against Franchisor, its affiliates, and their respective officers, directors, shareholders, partners,

agents, representatives, independent contractors, servants, and employees, in their corporate and individual capacities, arising out of any cause whatsoever. Each of Developer agrees that in the event of a dispute, Developer shall be limited to the recovery of any actual damages sustained.

10.8 Limitations of Claims. Any and all claims by Developer arising out of or relating to this Agreement or the relationship among the parties will be barred unless a proceeding for relief is commenced within one (1) year from the date on which Developer knew or should have known of the facts giving rise to such claims.

10.9 Survival. The provisions of this Article 10 shall continue in full force and effect notwithstanding the expiration or termination of this Agreement or a transfer by Franchisee or any Principal of their respective interests in this Agreement.

~~11. \_\_\_\_\_~~ WAIVER AND RELEASE OF CERTAIN CLAIMS GENERAL.

~~11.1 Waiver of Claim for Lack of Business Success. Developer acknowledges that Developer has conducted an independent investigation of all aspects relating to the financial, operational and other aspects of the business of developing and operating Franchised Businesses. Developer further acknowledges that no representations of performance (financial or otherwise) for the Franchised Businesses provided for in this Agreement has been made to Developer by Franchisor and Developer hereby waives any claim against Franchisor for any business failure Developer may experience as a developer under this Agreement.~~

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~~11.2 Release of Prior Claims. BY EXECUTING THIS AGREEMENT, DEVELOPER INDIVIDUALLY AND ON BEHALF OF DEVELOPER'S HEIRS, LEGAL REPRESENTATIVES, SUCCESSORS AND ASSIGNS, HEREBY FOREVER RELEASE AND DISCHARGE ESCAPOLOGY, LLC., THE ESCAPOLOGY INDEMNITEES, AND ALL OF THEIR OFFICERS, DIRECTORS, SHAREHOLDERS, AGENTS AND SUCCESSORS AND ASSIGNS FROM ANY AND ALL CLAIMS, DEMANDS AND JUDGMENTS RELATING TO OR ARISING UNDER THE STATEMENTS, CONDUCT, CLAIMS OR ANY OTHER AGREEMENT BETWEEN THE PARTIES EXECUTED PRIOR TO THE DATE OF THIS AGREEMENT, INCLUDING, BUT NOT LIMITED TO, ANY AND ALL CLAIMS, WHETHER PRESENTLY KNOWN OR UNKNOWN, SUSPECTED OR UNSUSPECTED, ARISING UNDER THE FRANCHISE, SECURITIES, TAX OR ANTITRUST LAWS OF THE UNITED STATES OR OF ANY STATE OR TERRITORY THEREOF.~~

\_\_\_\_\_  
Initial

~~12. \_\_\_\_\_~~ GENERAL.

4211.1 Independent Contractor. Developer is and shall be an independent contractor under this Agreement, and no partnership shall exist between Developer and Franchisor. This Agreement does not constitute Developer as an agent, legal representative, or employee of Franchisor for any purpose whatsoever, and Developer is not granted any right or authority to assume or create any obligation for or on behalf of, or in the name of, or in any way to bind Franchisor. Developer agrees not to incur or contract any debt or obligation on behalf of Franchisor or commit any act, make any representation, or advertise in any manner which may adversely affect any right of Franchisor or be detrimental to Franchisor or other developers or franchisees of Franchisor. Pursuant to the above, Developer agrees to indemnify Franchisor and hold Franchisor harmless from any and all liability, loss, attorney's fees, or damage Franchisor may suffer as a result of claims, demands, taxes, costs or judgments against Franchisor arising out of the relationship hereby established which specifically, but not exclusively, includes costs, losses, expenses, attorneys fees relative to assignment or the transfer of right to develop and transactional costs relative thereto, defaults under any leases, subleases, notes, receipt of revenues or any other relationships arising directly or indirectly out of the development and operation of the Franchised Businesses.

4211.2 Successors. This Agreement shall bind and inure to the benefit of the successors and assigns of Franchisor and shall be personally binding on and inure to the benefit of Developer and his or her respective heirs, executors, administrators and successors or assigns; provided, however, the foregoing provision shall not be construed to allow a transfer of any interest of Developer in this Agreement, except in accordance with Article 6 hereof.

4211.3 Invalidity of Part of Agreement. Should any provisions in this Agreement, for any reason, be declared invalid, then such provision shall be invalid only to the extent of the prohibition without in any way invalidating or altering any other provision of this Agreement.

4211.4 Entire Agreement. This Agreement, including all attachments, is the entire agreement of the parties, superseding all prior written or oral agreements of the parties concerning the same subject matter, and superseding all prior written or oral representations made to Developer, except that nothing in this Agreement or in any related agreement is intended to disclaim the representations Franchisor made to Developer in Franchisor's Franchise Disclosure Document. No agreement of any kind relating to the matters covered by this Agreement and no amendment of the provisions hereof shall be binding upon either party unless and until the same has been made in writing and executed by all interested parties.

4211.5 Construction. All terms and words used in this Agreement, regardless of the number and gender in which they are used, shall be deemed and construed to include any other number, singular or plural, and any other gender, masculine, feminine or neuter, as the context or sense of this Agreement or any provision herein may require, as if such words had been fully and properly written in the appropriate number and gender. All covenants, agreements and obligations assumed herein by Developer shall be deemed to be joint and

several covenants, agreements and obligations of each of the persons named as Developer, if more than one person is so named.

~~4211.6~~ Captions. Captions and section headings are used herein for convenience only. They are not part of this Agreement and shall not be used in construing it.

~~4211.7~~ Notices. Whenever notice is required or permitted to be given under the terms of this Agreement, it shall be given in writing, and be delivered personally or by certified or registered mail, postage prepaid, addressed to the party for whom intended, and shall be deemed given on the date of delivery or delivery is refused. All such notices shall be addressed to the party to be notified at their respective addresses as first above written, or at such other address or addresses as the parties may from time to time designate in writing.

~~4211.8~~ Effect of Waivers. No waiver, delay, omission, or forbearance on the part of Franchisor to exercise any right, option, duty, or power arising from any default or breach by Developer shall affect or impair the rights of Franchisor with respect to any subsequent default of the same or of a different kind.

~~4211.9~~ Remedies Cumulative. All rights and remedies of the parties to this Agreement shall be cumulative and not alternative, in addition to and not exclusive of any other rights or remedies that are provided for herein or that may be available at law or in equity in case of any breach, failure or default or threatened breach, failure or default of any term, provision or condition of this Agreement or any other agreement between Developer or any of its affiliates and Franchisor or any of its affiliates. The rights and remedies of the parties to this Agreement shall be continuing and shall not be exhausted by any one or more uses thereof, and may be exercised at any time or from time to time as often as may be expedient; and any option or election to enforce any such right or remedy may be exercised or taken at any time and from time to time. The expiration, earlier termination or exercise of Franchisor's rights pursuant to Article 7 shall not discharge or release Developer from any liability or obligation then accrued, or any liability or obligation continuing beyond, or arising out of, the expiration, the earlier termination or the exercise of such rights under this Agreement.

~~4211.10~~ Consent to Do Business Electronically. The parties to this Agreement hereby consent to do business electronically. Pursuant to the Uniform Electronic Transactions Act as adopted by the State of Florida, the parties hereby affirm to each other that they agree with the terms of this Agreement, and by attaching their signature electronically to this Agreement, they are executing the document and intending to attach their electronic signature to it. Furthermore, the parties acknowledge that the other parties to this Agreement can rely on an electronic signature as the respective party's signature.

~~4211.11~~ Counterparts. This Agreement may be executed in multiple counterparts, each of which when so executed shall be an original, and all of which shall constitute one and the same instrument.

1211.10 Survival. Any obligation of Developer that contemplates performance of such obligation after termination, expiration or transfer of this Agreement shall be deemed to survive such termination, expiration or transfer.

**-Remainder of Page Intentionally Blank-**

The parties hereto have executed this Multi-Unit Development Agreement on the day and year first above written.

FRANCHISOR:

ESCAPOLOGY, LLC

By: \_\_\_\_\_

\_\_\_\_\_, \_\_\_\_\_  
(Print Name, Title)

DEVELOPER:

\_\_\_\_\_

\_\_\_\_\_  
(Print Name)

DEVELOPER:

\_\_\_\_\_

\_\_\_\_\_  
(Print Name)

## Attachment 1

### TRADEMARKS

Service Marks –

ESCAPOLOGY

ESCAPOLOGY 

ESCAPOLOGY 

**ATTACHMENT 2**  
**DEVELOPMENT AREA DESCRIPTION**

(insert map and/or define by zip codes):

**EXHIBIT D**  
**FINANCIAL STATEMENTS**



**ESCAPOLOGY, LLC**

**FINANCIAL STATEMENTS**

**YEARS ENDED DECEMBER 31, 2023, 2022, AND 2021**



CPAs | CONSULTANTS | WEALTH ADVISORS

[CLAconnect.com](http://CLAconnect.com)

**ESCAPOLOGY, LLC  
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## INDEPENDENT AUDITORS' REPORT

Member  
Escapology, LLC  
Orlando, Florida

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the financial statements of Escapology, LLC, which comprise the balance sheets as of December 31, 2023, 2022, and 2021, and the related statement of operations, changes in member's equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Escapology, LLC as of December 31, 2023, 2022, and 2021, 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 Financial Statements section of our report. We are required to be independent of Escapology, LLC 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 Financial Statements***

Management is responsible for the preparation and fair presentation of the 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 financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Escapology, LLC's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Member  
Escapology, LLC

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the 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 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 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 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 Escapology, LLC'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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Escapology, LLC'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.



**CliftonLarsonAllen LLP**

Orlando, Florida  
April 22, 2024

**ESCAPOLOGY, LLC**  
**BALANCE SHEETS**  
**DECEMBER 31, 2023, 2022 AND 2021**

	2023	2022	2021
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and Cash Equivalents	\$ 435,049	\$ 386,600	\$ 437,553
Accounts Receivable	627,938	572,372	316,902
Prepaid Expenses	21,681	65,186	8,610
Total Current Assets	1,084,668	1,024,158	763,065
<b>OTHER ASSETS</b>			
Licensing	633,571	881,487	1,154,268
Design Fees	557,965	306,425	184,008
Due from Related Parties	4,532,905	2,239,927	823,310
ROU Asset - Operating, Net of Amortization	5,975	23,117	-
Total Other Assets	5,730,416	3,450,956	2,161,586
Total Assets	\$ 6,815,084	\$ 4,475,114	\$ 2,924,651
<b>LIABILITIES AND MEMBER'S EQUITY</b>			
<b>CURRENT LIABILITIES</b>			
Accounts Payable	\$ 249,745	\$ 166,944	\$ 47,691
Accrued Expenses	59,144	147,676	20,217
Licenses Payable, Current Portion	405,975	392,000	267,000
Deferred Franchise Fees, Current Portion	126,103	424,914	152,018
Short-Term Lease Liability - Operating	6,103	17,344	-
Total Current Liabilities	847,070	1,148,878	486,926
<b>LONG-TERM LIABILITIES</b>			
Licenses Payable, Less Current Portion	495,000	676,000	983,000
Deferred Franchise Fees, Less Current Portion	867,311	419,963	669,619
Lease Liability, Net of Current Portion - Operating	-	6,103	-
Total Long-Term Liabilities	1,362,311	1,102,066	1,652,619
Total Liabilities	2,209,381	2,250,944	2,139,545
<b>MEMBER'S EQUITY</b>			
Total Liabilities and Member's Equity	\$ 6,815,084	\$ 4,475,114	\$ 2,924,651

See accompanying Notes to Financial Statements.

**ESCAPOLOGY, LLC**  
**STATEMENTS OF OPERATIONS**  
**YEAR ENDED DECEMBER 31, 2023, 2022, AND 2021**

	<u>2023</u>	<u>2022</u>	<u>2021</u>
<b>REVENUES</b>			
Franchise Income	\$ 4,157,067	\$ 2,928,410	\$ 2,184,699
Game Income	687,661	442,903	259,954
Total Revenues	<u>4,844,728</u>	<u>3,371,313</u>	<u>2,444,653</u>
<b>OPERATING EXPENSES</b>			
Office Salaries	475,785	447,240	152,740
Franchise Costs	791,295	327,048	213,491
Amortization of Licenses	247,917	272,781	194,101
Marketing	269,854	262,762	113,408
Game Costs	112,977	128,969	40,741
Professional Services	133,733	117,973	86,468
Technology Costs	125,127	95,816	102,742
Credit Card and Bank Fees	69,754	73,067	45,316
Depreciation	109,605	70,225	44,009
Payroll Taxes	35,864	35,113	46,714
Rent	30,218	33,050	39,515
Insurance	36,778	13,917	12,416
Travel and Entertainment	24,347	12,746	7,338
Office and Other Expenses	4,096	11,822	5,702
Telephone	3,082	3,679	8,420
Fringe Benefits	6,613	569	4,292
Total Operating Expenses	<u>2,477,045</u>	<u>1,906,777</u>	<u>1,117,413</u>
<b>INCOME FROM OPERATIONS</b>	2,367,683	1,464,536	1,327,240
<b>OTHER INCOME (EXPENSE)</b>			
Interest Income	264	3,550	56
Interest Expense	-	-	(2,693)
Other Expense	13,586	(29,022)	(92,114)
Total Other Income (Expense)	<u>13,850</u>	<u>(25,472)</u>	<u>(94,751)</u>
<b>NET INCOME</b>	<u>\$ 2,381,533</u>	<u>\$ 1,439,064</u>	<u>\$ 1,232,489</u>

See accompanying Notes to Financial Statements.

**ESCAPOLOGY, LLC**  
**STATEMENTS OF CHANGES IN MEMBER'S EQUITY**  
**YEARS ENDED DECEMBER 31, 2023, 2022, AND 2021**

	Total
<b>BALANCE - DECEMBER 31, 2020</b>	\$ 477,133
Impact of Retrospective Application of Adoption of Practical Expedient as of January 1, 2021	574,957
Net Income	1,232,489
Distributions	(1,499,473)
<b>BALANCE - DECEMBER 31, 2021</b>	785,106
Net Income	1,439,064
<b>BALANCE - DECEMBER 31, 2022</b>	2,224,170
Net Income	2,381,533
<b>BALANCE - DECEMBER 31, 2023</b>	\$ 4,605,703

*See accompanying Notes to Financial Statements.*

**ESCAPOLOGY, LLC**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>	<u>2021</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net Income	\$ 2,381,533	\$ 1,439,064	\$ 1,232,489
Charges and Credits to Net Income Not Affecting Cash:			
Depreciation and Amortization	357,521	368,597	238,110
Changes in Assets and Liabilities:			
Accounts Receivable	(55,566)	(255,470)	(143,363)
Change in Operating Lease	(202)	330	-
Prepaid Expenses and Other Assets	43,505	(56,576)	1,157
Due from Related Parties	(2,292,978)	(1,416,617)	952,541
Accounts Payable	82,801	19,253	(17,568)
Accrued Expenses	(88,532)	127,459	24,125
Deferred Franchise Fees	148,537	23,240	147,078
Net Cash Provided by Operating Activities	<u>576,619</u>	<u>249,280</u>	<u>2,434,569</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Additions to Design Fees	(361,145)	(218,233)	(92,474)
Net Cash Used by Investing Activities	<u>(361,145)</u>	<u>(218,233)</u>	<u>(92,474)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Payments of Licenses Payable	(167,025)	(82,000)	(140,000)
Payments on Note Payable	-	-	(546,057)
Distributions	-	-	(1,499,473)
Net Cash Used by Financing Activities	<u>(167,025)</u>	<u>(82,000)</u>	<u>(2,185,530)</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	48,449	(50,953)	156,565
Cash - Beginning of Year	<u>386,600</u>	<u>437,553</u>	<u>437,553</u>
<b>CASH - END OF YEAR</b>	<u>\$ 435,049</u>	<u>\$ 386,600</u>	<u>\$ 594,118</u>

See accompanying Notes to Financial Statements.

**ESCAPOLOGY, LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023, 2022, AND 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Business**

Escapology, LLC (the Company) was formed on September 22, 2014, in the state of Florida. The Company was established for the purpose of selling franchises in Escapology, which was developed to operate live escape games. Prior to 2021, the Company owned and operated four locations which were included in previously issued financial statements. During 2021, the Company reorganized and created a holding company and stand-alone entities for each owned location. The Company and the locations are wholly owned subsidiaries of Escapology Holdings, LLC, the Parent. This was deemed a change in reporting entity.

Accounting Standards Codification (ASC) Topic 805 (Topic 805) *Business Combinations*, states when assets and liabilities are transferred from entities under common control, the assets and liabilities are recorded at historical carrying costs., with any excess recorded through equity. In addition, under Topic 805, a change in reporting entity as described above is required to be retrospectively applied as if the Company had been in effect since the beginning of the reporting period, January 1, 2021.

**Basis of Presentation**

The Company's financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America.

**Accounting Estimates**

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America 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 financial statements and reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Management periodically evaluates estimates used in the preparation of the financial statements for continued reasonableness. Appropriate adjustments, if any, to the estimates used are made prospectively based upon such periodic evaluation. It is reasonably possible that changes may occur in the near term that would affect management's estimates with respect to the percentage-of-completion method, allowance for credit losses, and accrued expenses.

**Cash**

The Company maintains cash balances in two banks. The balance is insured by the Federal Deposit Insurance Corporation. At times, the Company's cash in the bank may exceed the insured amount.

**ESCAPOLOGY, LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023, 2022, AND 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Accounts Receivable**

Accounts receivables are stated at the amount management expects to collect from Outstanding balances. At the beginning of 2023, the Company adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-13, Financial Instruments – Credit Losses (Topic 326: Measurement of Credit Losses on Financial Instruments, as amended, which modifies the measurement of expected credit losses. The Company adopted this new guidance utilizing the modified retrospective transition method. The adoption of the Standard did not have a material impact on the Company's financial statements but did change how the allowance for credit losses is determined. The Company extends credit terms to customers, primarily franchisees, in the normal course of business. The Company performs ongoing credit evaluations of its customers' financial conditions and generally requires no collateral. Accounts receivables are recorded at their estimated net realizable value, net of an allowance for credit losses. The Company's estimate of the allowance for credit losses is based upon historical experience, its evaluation of the current status of receivables, current economic conditions, certain forward-looking information and unusual circumstances, if any. Expected credit losses are recorded through a charge to earnings and a credit to the allowance for expected credit losses based on its assessments. Balances that are still outstanding after management has used reasonable collection efforts are written off. The Company determined no allowance was necessary at December 31, 2023 and 2022. Accounts receivable are considered contract assets. The balance of accounts receivable at December 31, 2023, 2022 and 2021 was \$627,938, \$572,372 and \$316,902, respectively.

**Property and Equipment**

The Company capitalizes additions over \$1,000 with useful lives greater than one year as design fees. Design Fees are stated at cost, less accumulated depreciation. Depreciation of design fees is computed using the straight-line method over the estimated useful lives of the assets, which is generally five years. Repairs and maintenance costs are charged to expense as incurred. Depreciation expense was approximately \$110,000, \$70,000, and \$44,000 for the years ended December 31, 2023, 2022, and 2021, respectively.

**Impairment of Long-Lived Assets**

Long-lived assets such as property, equipment, and licenses subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If this review reveals an indicator of impairment, as determined based on estimated undiscounted cash flows, the carrying amounts of the related long-lived assets are adjusted to fair value. As of December 31, 2023, management determined that no impairment indicates existed.

**Deferred Franchise Fees**

Deferred franchise fees represent franchise fees received that have not been fully earned and will be recognized in future periods.

**ESCAPOLOGY, LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023, 2022, AND 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Revenue Recognition**

The Financial Accounting Standards Board (FASB) issued new guidance that created Topic 606, *Revenue from Contracts with Customers*, in the Accounting Standards Codification (ASC). Topic 606 supersedes the revenue recognition requirements in FASB ASC 605, Revenue Recognition, and requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. The Company adopted the requirements of the new guidance upon inception.

The Company generates revenue primarily through service and marketing fees, franchise fees, and gaming fees.

**Royalty Revenue**

The Company collects service fees, as stipulated in the franchise agreement, currently range from 5% to 8% of gross sales or \$-0- to \$1,000 per month, whichever is greater. In addition, franchisees are required to pay a monthly managed marketing program fee between \$-0- to \$1,650 and an innovation fund fee of 0% to 2% of gross sales. The service and marketing fees represent sales-based royalties that are related entirely to the Company's performance obligation under the franchise agreement and are recognized as franchisee store level sales occur, as such, as of a point in time. These fees are generally collected monthly and are included in Franchise Income in the accompanying statement of operations.

**Franchise Fees**

The Company requires the entire nonrefundable initial franchise fee to be paid upon execution of a franchise agreement, which typically has an initial term of five to ten years. Initial franchise fees are recognized ratably on a straight-line basis, until a location opens, over the term of the franchise agreement commencing upon the signing of the franchise agreement. Once a location opens, the Company recognizes revenue as described below. The Company typically does not provide financing to franchisees and offers no guarantees on their behalf. The services provided by the Company are highly interrelated with the franchise license and as such are considered to represent a single performance obligation.

Franchisees have the option to renew the franchise agreement at the end of the initial franchise term. When a franchisee chooses to renew their agreement, a nonrefundable renewal fee is charged to the franchisee similar to the initial franchise fee.

The Financial Accounting Standards Board (FASB) issued Accounting Standards Update 2021-02, *Franchisors—Revenue from Contracts with Customers (Subtopic 952-606)—Practical Expedient*. FASB Subtopic 952-606 creates a practical expedient allowing franchisors that are not public business entities to account for certain pre-opening services enumerated in FASB ASC 952-606-25-2 as a single performance obligation.

**ESCAPOLOGY, LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023, 2022, AND 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Revenue Recognition (Continued)**

*Franchise Fees (Continued)*

The Company adopted the requirements of the new guidance as of January 1, 2021, utilizing the full retrospective method of transition upon the opening of locations. The Company also made an accounting policy election to recognize certain pre-opening services as a single performance obligation.

*Gaming Fees*

The Company collects between \$1.50 and \$3.50 per player from the franchisee when a customer plays any licensed game, which is considered a single performance obligation, and as such is recognized as of a point in time. This amount is due monthly. For new games, over and above the first five implemented at the location, the Company collects a fee of between \$1,000 to \$2,500 for each additional game that is charged on newly installed games; the fee for Licensed Games is between \$2,500 to \$5,000. The Company considers the delivery of the game as one performance obligation and as such, revenue is recognized as of a point in time.

*Contract Liabilities*

Contract liabilities consist of the remaining initial franchise fees to be amortized over the life of the franchise agreements. Contract liabilities are a result of the collection of the initial franchise fee at the time of the signing of the franchise agreement and will fluctuate each year based on the number of franchise agreements signed. Disaggregated revenue is as follows for the year ended December 31, 2023, 2022, and 2021:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Over Time	\$ 329,759	\$ 312,761	\$ 260,523
Point in Time	4,514,969	3,058,552	2,184,130
Total	<u>\$ 4,844,728</u>	<u>\$ 3,371,313</u>	<u>\$ 2,444,653</u>

**Income Taxes**

The Company elected under the Internal Revenue Code and comparable state laws to become a limited liability company in the form of a single member limited liability company subsidiary and files combined federal and state income tax returns with its Parent. Accordingly, income is not taxable at the Company level but passes through to the Parent. Consequently, the Company may declare distributions periodically to the Parent to enable it to pay its income tax liabilities. Primarily due to the limited liability company subsidiary tax status, the Company does not have any significant tax uncertainties that would require recognition or disclosure.

The Company follows the income tax standard for uncertain tax positions. Under this standard, the Company has not recognized a liability for uncertain tax position for the year ended December 31, 2023, 2022 or 2021.

**ESCAPOLOGY, LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023, 2022, AND 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Advertising Costs**

Advertising costs are expensed as incurred. The Company incurred approximately \$269,854 and \$262,762, and \$113,408 in 2023, 2022, and 2021, respectively.

**Leases**

The Company leases office space. The Company determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use (ROU) assets, other current liabilities, and operating lease liabilities on the balance sheets.

ROU assets represent the Company's right to use an underlying asset for the lease term and lease liabilities represent the Company's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. As most of leases do not provide an implicit rate, the Company uses its incremental borrowing rate based on the information available at commencement date in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Company will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term. The Company has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or right of use assets on the balance sheet.

**Adoption of New Accounting Standards**

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update 2016-02, *Leases* (ASC 842). The new standard increases transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the balance sheet. Most prominent of the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

The Company adopted the requirements of the guidance effective January 1, 2022 and has elected to apply the provisions of this standard to the beginning of the period of adoption with certain practical expedients available. Lease disclosures for the year ended December 31, 2021 are made under prior lease guidance in FASB ASC 840.

The Company has elected to adopt the package of practical expedients available in the year of adoption. The Company has not elected to adopt the available practical expedient to use hindsight in determining the lease term and in assessing impairment of the Company's ROU assets.

**ESCAPOLOGY, LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023, 2022, AND 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Adoption of New Accounting Standards (continued)**

As a result of the adoption of the new lease accounting guidance, the Company recognized on January 1, 2022 a lease liability of \$39,164, which represents the present value of the remaining operating lease payments of \$42,182, discounted using the Company's incremental borrowing rate of 6.3%, and a right-of-use asset of \$42,182.

The standard had a material impact on the balance sheets but did not have an impact on the income statements, nor statements of cash flows. The most significant impact was the recognition of ROU assets and lease liabilities for operating leases, while the Company's accounting for finance leases remained substantially unchanged.

At the beginning of 2023, the Company adopted FASB ASU 2016-13, Financial Instruments— Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, as amended, which modifies the measurement of expected credit losses. The Company adopted this new guidance utilizing the modified retrospective transition method. The adoption of this Standard did not have a material impact on the Company's financial statements but did result in changes to the Company's accounting policies, including the recognition of credit losses based on expected future credit losses rather than incurred credit losses.

**NOTE 2 FRANCHISE SALES AND AGREEMENTS**

At December 31, 2023, 2022, and 2021, there were 67, 63, and 57 locations, respectively, in operation. Of the locations in operation, 9, 6, and 6 of these locations are currently owned by the Parent of the Company in 2023, 2022, and 2021, respectively. As of December 31, 2023, 2022, and 2021, there were 26, 14 and 26, franchise agreements signed but not in operation, respectively.

**NOTE 3 RELATED PARTY TRANSACTIONS**

At December 31, 2023, 2022, and 2021, the Company has recorded a net receivable of \$4,532,905, \$2,239,927, and \$823,310, respectively, in due from related parties on the balance sheet. The related party due to/from is for expenses or royalties paid or owed by the member and affiliates on the Company's behalf and the accumulation of retained earnings to the Parent Company. The Company evaluates the collectability of the amount due from the related parties and records an allowance when there is substantial doubt that the amount is not collectible. As of December 31, 2023, 2022, and 2021, management determined an allowance was not necessary. In addition, the Company recorded approximately \$810,209, \$518,708, and \$386,611, respectively, in monthly fees from owned locations which is included in 'Franchise Income' in the accompanying statement of operations.

The Company pays an officer of the Company \$500 per month for use of his home office.

**ESCAPOLOGY, LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023, 2022, AND 2021**

**NOTE 4 LICENSING**

The Company has entered into four licensing rights agreements to use popular movie and television series themed game rooms. The license agreements typically last five years and are amortized over the life of the contract term. These agreements require annual payments of between \$10,000 to \$100,000 and a per player fee.

The following are the minimum future payments related to licenses:

<u>Year Ending December 31,</u>	<u>Amount</u>
2024	305,975
2025	345,000
2026	150,000
2027	100,000
Total	\$ 900,975

**NOTE 5 LINE OF CREDIT**

During 2021, the Company paid off their line of credit and terminated this agreement. There is no outstanding line of credit for the years ended December 31, 2023 and 2022.

**NOTE 6 MEMBER'S EQUITY**

The membership interest in the Company owned by the Parent is the only class of membership interest issued and outstanding as of December 31, 2023.

**NOTE 7 GUARANTOR COMMITMENTS**

The Company is a co-guarantor of an unsecured term loan in connection with the acquisition of a location by an affiliate. This guaranty could require the Company to make the required loan payments in the event the related affiliate is unable to do so. As of December 31, 2023, 2022, and 2021, the guaranteed loan balance was \$-0-, \$-0-, and \$150,000, respectively, of which the related affiliate was not required to make any payments until April 27, 2022 with a final payment due April 27, 2023.

The Company is a co-guarantor of a credit location with a bank that includes a revolving credit location with available borrowings of up to \$1,500,000; a letter of credit sub-location of up to \$150,000; an equipment credit line with available borrowings of up to \$2,500,000; and a term loan not to exceed \$1,500,000 which is available upon achieving certain financial metrics as described in the credit agreement. These metrics were achieved in 2022 and the \$1,500,000 was funded in 2022.

The guaranty could require the Company to make the required loan payments in the event the related affiliates are unable to do so. As of December 31, 2023 and 2022, the guaranteed loan balance was \$2,427,960 and \$2,126,849, respectively, of which the related affiliate was current on all payments. The bank has a first lien position on all of the Company's assets.

**ESCAPOLOGY, LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023, 2022, AND 2021**

**NOTE 7 GUARANTOR COMMITMENTS (CONTINUED)**

The Company is a co-guarantor of a senior subordinated note with the owner of the Parent in the amount of \$10,600,000. The Company is also a co-guarantor of an additional note with the same owner of the Parent, in an amendment to the original agreement, in the amount of \$8,500,000. The guaranty could require the Company to make the required loan payments in the event the related affiliates are unable to do so. The Parent has the ability to defer interest as defined in the subordinated note agreement. During 2023, approximately \$478,000 of accrued interest was deferred and included in the outstanding principal. As of December 31, 2023 and 2022, the guaranteed loan balance was approximately \$15,550,000 and \$10,814,000, respectively, of which the related affiliate was current on all payments. The owner has a second lien position to the bank, as discussed in the previous paragraph, on all of the Company's assets.

**NOTE 8 LEASES – ASC 842**

The Company leases office facilities under a two-year, noncancelable lease agreement. The leases expires April 30, 2024. In the normal course of business, it is expected that these leases will be renewed or replaced by a similar lease.

The following table provides quantitative information concerning the Company's leases:

Operating Lease Cost	\$ 18,078
Other Information:	
Weighted-Average Remaining Lease Term - Operating Leases	1 Year
Weighted-Average Discount Rate - Operating Leases	6.63%

The Company classifies the total undiscounted lease payments that are due in the next 12 months as current. A maturity analysis of annual undiscounted cash flows for lease liabilities as of December 31, 2023, is as follows:

<u>Year Ending December 31,</u>	Operating Leases
2024	\$ 6,153
Undiscounted Cash Flows	6,153
Less: Interest	(50)
Present Value of Lease Liabilities	<u>\$ 6,103</u>

**NOTE 9 OPERATING LEASE AGREEMENTS – ASC 840**

The Company elected to apply the provisions of FASB ASC 842 to the beginning of the period of adoption, through a cumulative effect adjustment, with certain practical expedients available. Lease disclosures for the year ended December 31, 2021 are made under prior lease guidance in FASB ASC 840.

**ESCAPOLOGY, LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023, 2022, AND 2021**

**NOTE 9 OPERATING LEASE AGREEMENTS – ASC 840 (CONTINUED)**

Lease Commitments

Leases for the Parent's three owned locations are in the name of the Company but charged to the locations. This is due to the fact that prior to 2021, the locations and the Company were one organization as discussed in Note 1. Rent expense is recorded related to these leases in the location's financial statements. The leases were assigned to the parent Holdings Company in 2021.

The Company leases office and training space under a noncancelable lease which expires in May 2024. Future minimum payments under the lease are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2023	\$ 18,280
2024	7,738
Total	<u>\$ 26,018</u>

**NOTE 10 SUBSEQUENT EVENTS**

Management has evaluated subsequent events through April 22, 2024, the date at which the financial statements were available for issue and does not believe that there are any subsequent events that require adjustment or disclosure in the accompanying financial statements.



CLA (CliftonLarsonAllen LLP) is a network member of CLA Global. See [CLAGlobal.com/disclaimer](http://CLAGlobal.com/disclaimer). Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SFC-registered investment advisor.

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OPERATIONS MANUAL TABLE OF CONTENTS

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**EXHIBIT F**

**LIST OF CURRENT FRANCHISEES AND FORMER FRANCHISEES**

**CURRENT FRANCHISEES**  
(as of December 31, ~~2022~~2023)

<b>Name of Franchisee</b>	<b>Facility Street Address</b>	<b>City</b>	<b>State</b>	<b>Phone</b>
<b>ALABAMA</b>				
Stars Huntsville, LLC	930 Old Monrovia Rd, NW	Huntsville	AL	(687) 469-9194
WC Escape, LLC	130 Commerce St.	Montgomery	AL	(334) 546-5087
<b>ARIZONA</b>				
Escapology Phoenix LLC	2162 East Williams Field Road, Suite 109	Gilbert	AZ	(480) 944-5434
<b>CALIFORNIA</b>				
IP Entertainment, LLC	32250 Missions Trail	Lake Elsinore	CA	(951) 245-6250
Mission Beach Attractions, LLC	3116 Mission Blvd.	San Diego	CA	(858) 412-5914
Escapology of SF, LLC	430 Bay St	San Francisco	CA	(415) 684-9280
<b>COLORADO</b>				
Ronder Holdings, Inc.	2220 California St, Suite 100	Denver	CO	(303) 507-0860
<b>CONNECTICUT</b>				
SCS Direct	9 Trefoil Drive	Trumbull	CT	(203) 583-8937
<b>FLORIDA</b>				
KryoEscape LLC	10320 Shops Ln, Suite 307	Jacksonville	FL	(904) 993-3637
Escape Enterprises, LLC	210 E. Pine St.	Lakeland	FL	(863) 397-1866

<b>Name of Franchisee</b>	<b>Facility Street Address</b>	<b>City</b>	<b>State</b>	<b>Phone</b>
Dean Escapology LLC	4480 SW 32nd Road, Suite 10	Gainesville	FL	(352) 544-4656
Escapology Armature Works LLC	102 W Oak Avenue	Tampa	FL	(407) 497-0880
<b>GEORGIA</b>				
Superior Scholars, LLC	132 Willow Lane	McDonough	GA	(470) 878-1008
Common Interest LLC	3719 Gentian Blvd, Suite A	Columbus	GA	(706) 397-7979
<b>IOWA</b>				
CV Eggs LLC	2520 Melrose Drive, Suite E	Cedar Falls	IA	(319) 553-3066
CV Eggs LLC	3998 Westdale Pkwy SW, Suite 400	Cedar Rapids	IA	(319) 892-0123
<b>ILLINOIS</b>				
Escapology Orland Park LLC	15830 S Harlem Ave	Orland Park	IL	(708) 465-5007
<b>INDIANA</b>				
Mantel Properties LLC	2876 Dupont Rd.	Fort Wayne	IN	(260) 755-1840
<b>LOUISIANA</b>				
Funolio Covington, LLC	3025 Pinnacle Parkway	Covington	LA	(985) 520-0570
<b>MASSACHUSETTS</b>				
Wamesit Lanes Family Entertainment Center	434 Main St.	Tewksbury	MA	(978) 455-2199
<b>MARYLAND</b>				
Imperium Leadership	11572 Old Georgetown Rd.	Bethesda	MD	(240) 669-8594
<b>MICHIGAN</b>				
Escape TC	1355 Silver Lake Crossings	Grawn	MI	(231) 944-

<b>Name of Franchisee</b>	<b>Facility Street Address</b>	<b>City</b>	<b>State</b>	<b>Phone</b>
	Blvd			1355
Spare Time Entertainment LLC	3101 E Grand River Ave	Lansing	MI	(517) 337-2695
Joscelyn, LLC	5600 Portage Rd.	Portage	MI	(269) 488-3175
<b>MINNESOTA</b>				
Anders Entertainment Inc.	1060 Burnsville Center	Burnsville	MN	(612) 804-3719
<b>MISSOURI</b>				
Kokomo Joe's Family Fun Center of St. Peters, LLC	4105 N. Cloverleaf Dr.	St Peters	MO	(314) 599-0598
<b>NORTH CAROLINA</b>				
Escape the Dark, LLC	2770 Freedom Parkway Drive	Fayetteville	NC	(813) 505-1016
<b>NEW JERSEY</b>				
JAMM Family Escape LLC	300 South Avenue	Garwood	NJ	(732) 768-8207
JAMM Family Escape LLC	101 Crawfords Corner Road	Holmdel	NJ	(732) 490-7175
<b>NEW MEXICO</b>				
The Stovall Group	4601 E Main Street	Farmington	NM	(505) 675-0303
<b>NEW YORK</b>				
Escape Venture LI LLC	1488 Deer Park Ave #187	North Babylon	NY	(516) 730-8900
<b>OHIO</b>				
BEG LLC	7300 Palisades Pkwy	Mentor	OH	(216) 470-1885
Roll House LLC	33141 Bainbridge Road	Solon	OH	(440) 903-1017

<b>Name of Franchisee</b>	<b>Facility Street Address</b>	<b>City</b>	<b>State</b>	<b>Phone</b>
<b>OREGON</b>				
Watts Family Investments, Inc.	11211 SE 82nd Ave, Suite P	Happy Valley	OR	(503) 927-1945
<b>SOUTH CAROLINA</b>				
Arlan Enterprises LLC	717 Lady Street	Columbia	SC	(803) 408-7135
Summerville Entertainment LLC	4570 Ladson Road	Summerville	SC	(678) 965-5707
<b>TENNESSEE</b>				
Masters Equity Group, LLC	2845 Stage Center Cove	Bartlett	TN	(901) 746-9257
<b>TEXAS</b>				
Victory Escape, LLC	2375 Victory Lane, Suite 110	Victory Park	TX	(469) 421-1445
McKinney Jump, LLC	3159 Hardin Blvd	McKinney	TX	(469) 279-3727
CTE Entertainment, L.P	1290 East Interstate 30	Rockwall	TX	(469) 279-3727
3 Fly Enterprises LLC	2000 S. IH-35, STE E2	Round Rock	TX	(512) 487-7306
Tyler Jump, LLC	8958 S Broadway Ave, Suite 120	Tyler	TX	(903) 508-5008
Browen Enterprises	11970 Barker Cypress Road	Cypress	TX	(832) 979-3858
<b>UTAH</b>				
Allstar Bowling, Inc.	12101 South State Street	Draper	UT	(801) 599-9151
<b>VIRGINIA</b>				
Sherlocks Great Escape LLC	4211 Fairfax Corner E Ave #230	Fairfax Corner	VA	(703) 402-0465
<b>WISCONSIN</b>				

Name of Franchisee	Facility Street Address	City	State	Phone
Escapology - WI	160 Keenan Ct.	Verona	WI	(608) 957-5160

**FRANCHISE AGREEMENTS, SIGNED BUT NOT OPENED**  
(as of December 31, ~~2022~~2023)

LLC Name	Owner	Owner Email	Location	State
Escapology Tempe LLC	Cody, Anna, Leah Stovall	<a href="mailto:cody.stovall78@gmail.com">cody.stovall78@gmail.com</a> , <a href="mailto:shylah99@gmail.com">shylah99@gmail.com</a> , <a href="mailto:thestovallgroup@gmail.com">thestovallgroup@gmail.com</a>	Tempe	AZ
SCS Direct	Howie Greenspan	<a href="mailto:howieg@scsdirectinc.com">howieg@scsdirectinc.com</a>	Danbury	CT
SCS Direct	Howie Greenspan	<a href="mailto:howieg@scsdirectinc.com">howieg@scsdirectinc.com</a>	New London	CT
SCS Direct	Howie Greenspan	<a href="mailto:howieg@scsdirectinc.com">howieg@scsdirectinc.com</a>	Milford CT	CT
Escapology of Sarasota Inc.	Tom Pellegrino	<a href="mailto:tom@phmmcpa.com">tom@phmmcpa.com</a>	Sarasota	FL
Common Interest Entertainment	Kim Betts, Reggie Walker	<a href="mailto:klbetts@comcast.net">klbetts@comcast.net</a> , <a href="mailto:rwalker3_20@hotmail.com">rwalker3_20@hotmail.com</a>	North Tampa	FL
East Cobb Amusements LLC	Jose Arteaga	<a href="mailto:jlarteaga@itahue.com">jlarteaga@itahue.com</a>	Marietta	GA
Gray Lion Games	Charity Cupp/Roger Cupp	<a href="mailto:charity.cupp@grayliongames.com">charity.cupp@grayliongames.com</a> , <a href="mailto:cuppcpa@gmail.com">cuppcpa@gmail.com</a>	Greenwood	IN
Sherlocks National Harbor LLC -	Mark Shaffer	<a href="mailto:shaffer.mark@me.com">shaffer.mark@me.com</a>	National Harbor	MD
Jim DiFalco Agency	Jim DiFalco	<a href="mailto:jim@jimdifalcoagency.com">jim@jimdifalcoagency.com</a>	Mt Clemens	MI
Escape the Dark Charlotte, LLC	Daniel Cooke	<a href="mailto:escapecapital1@gmail.com">escapecapital1@gmail.com</a>	Charlotte	NC
Escape the Dark, LLC	Daniel Cooke	<a href="mailto:escapecapital1@gmail.com">escapecapital1@gmail.com</a>	Raleigh	NC
Watts Family Investments, Inc.	Rob Watts	<a href="mailto:robwatts08@gmail.com">robwatts08@gmail.com</a>	Beaverton	OR
Watts Family Investments, Inc.	Rob Watts	<a href="mailto:robwatts08@gmail.com">robwatts08@gmail.com</a>	Bend	OR

Watts Family Investments, Inc.	Rob Watts	<a href="mailto:robwatts08@gmail.com">robwatts08@gmail.com</a>	Multnomah	OR
TTD Services, Inc.	Candy Bell	<a href="mailto:candy@ttdbookkeeping.com">candy@ttdbookkeeping.com</a>	Killeen	TX
Hotel Whiskey Entertainment LLC	Tom and Whitney Hughes	<a href="mailto:whitneyhughes78@gmail.com">whitneyhughes78@gmail.com</a> , <a href="mailto:thomashx11@gmail.com">thomashx11@gmail.com</a>	San Antonio	TX
Escape Chaos LLC	Kelly Fitzpatrick, Jennifer Fitzpatrick	<a href="mailto:von160@gmail.com">von160@gmail.com</a> , <a href="mailto:jenitzy37@gmail.com">jenitzy37@gmail.com</a> , <a href="mailto:escapechaos2022@gmail.com">escapechaos2022@gmail.com</a>	El Paso	TX
Fort Worth Escape LLC	Parker Coddington, Keegan Ripp, Justin Ripp	<a href="mailto:pcoddington@shenaniganz.com">pcoddington@shenaniganz.com</a> , <a href="mailto:kripp@shenaniganz.com">kripp@shenaniganz.com</a> , <a href="mailto:justin@topfec.com">justin@topfec.com</a>	Fort Worth	TX

**FORMER FRANCHISEES**  
(as of December 31, ~~2022~~2023)

LLC Name	Owner	Owner Email	Location	State
Smyrna Entertainment LLC	Chris Albano, Jack Canouse	<a href="mailto:jack@starsandstripes.org">jack@starsandstripes.org</a> , <a href="mailto:chris@starsandstripes.org">chris@starsandstripes.org</a>	Smyrna	TN
The B.E.D. Concept, LLC	Darren Needham	<a href="mailto:dneedham@thealeywichita.com">dneedham@thealeywichita.com</a>	Wichita	KS
Grand Prix Orange County LLC	Bill Diamond	<a href="mailto:bdiamond@dpmgt.com">bdiamond@dpmgt.com</a>	Newburgh	NY

**NONE.**

**EXHIBIT G**  
**STATE ADDENDA**

**ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT  
PURSUANT TO THE ILLINOIS FRANCHISE DISCLOSURE ACT**

Illinois law governs the Franchise Agreement.

In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.

Franchisees' rights upon Termination and Non-Renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

In conformance with section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waiver compliance with the Illinois Franchise Disclosure Act **of any other law of Illinois** is void.

**AMENDMENT TO THE ESCAPOLOGY LLC FRANCHISE AGREEMENT REQUIRED  
BY THE STATE OF ILLINOIS**

In recognition of the requirements of the Illinois Franchise Disclosure Act, 815 ILCS §§ 705/1 et seq. (1987) (the "Act"), which govern the attached ~~Board and Brush Creative Studio~~ Escapology, LLC Franchise Agreement (the "Franchise Agreement"), the parties thereto agree as follows:

1. To the extent of any inconsistencies, the Franchise Agreement is hereby amended to further state:

"Section 4 of the Act provides that no franchisee shall be required to litigate any cause of action, with the exception of arbitration proceedings, arising under the Franchise Agreement or the Act outside of the State of Illinois."

2. To the extent of any inconsistencies, the Franchise Agreement is hereby amended to further state:

"Illinois law governs the terms of this Franchise Agreement."

3. To the extent of any inconsistencies, the Franchise Agreement is hereby amended to further state:

"Section 41 of the Act provides that any condition, stipulation, or provision purporting to bind Franchisee to waive compliance with any provision of the Act, or any other Illinois law is void. The foregoing requirement, however, shall not prevent Franchisee from entering into a settlement agreement or executing a general release regarding a potential or actual lawsuit filed under any of the provisions of the Act, and shall not prevent the arbitration of any claim pursuant to the provisions of Title 9 of the United States Code."

4. To the extent of any inconsistencies, the Franchise Agreement is hereby amended to further state:

"To the extent any provision regarding termination or renewal of the Franchise Agreement is inconsistent with the Illinois Franchise Disclosure Act §§ 815 ILCS §§ 705/19 and 705/20, the provisions of these sections of the Act will control."

5. Each provision of this Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Act are met independently without reference to this Amendment.

The parties hereto have duly executed this Illinois Amendment to the Franchise Agreement on the same date as that on which the Franchise Agreement was executed.

FRANCHISOR:

ESCAPOLOGY, LLC

By: \_\_\_\_\_

\_\_\_\_\_  
Charles Burton Heiss , CEO  
(Print Name, Title)

FRANCHISEE:

\_\_\_\_\_

By: \_\_\_\_\_

\_\_\_\_\_  
(Print Name, Title)

PRINCIPAL:

\_\_\_\_\_

\_\_\_\_\_  
(Print Name)

PRINCIPAL:

\_\_\_\_\_

\_\_\_\_\_  
(Print Name)

**AMENDMENT TO THE ESCAPOLOGY LLC MULTI-UNIT DEVELOPMENT  
AGREEMENT REQUIRED BY THE STATE OF ILLINOIS**

In recognition of the requirements of the Illinois Franchise Disclosure Act, 815 ILCS §§ 705/1 et seq. (1987) (the "Act"), which govern the attached Escapology, LLC Multi-Unit Development Agreement (the "Multi-Unit Development Agreement"), the parties thereto agree as follows:

1. To the extent of any inconsistencies, the Multi Unit Development Agreement Agreement is hereby amended to further state:

"Section 4 of the Act provides that no franchisee shall be required to litigate any cause of action, with the exception of arbitration proceedings, arising under the Franchise Agreement or the Act outside of the State of Illinois."

2. To the extent of any inconsistencies, the Multi-Unit Development Agreement is hereby amended to further state:

"Illinois law governs the terms of this Multi-Unit Development Agreement."

3. To the extent of any inconsistencies, the Multi-Unit Development Agreement is hereby amended to further state:

"Section 41 of the Act provides that any condition, stipulation, or provision purporting to bind Franchisee to waive compliance with any provision of the Act, or any other Illinois law is void. The foregoing requirement, however, shall not prevent Franchisee from entering into a settlement agreement or executing a general release regarding a potential or actual lawsuit filed under any of the provisions of the Act, and shall not prevent the arbitration of any claim pursuant to the provisions of Title 9 of the United States Code."

4. To the extent of any inconsistencies, the Multi-Unit Development Agreement is hereby amended to further state:

"To the extent any provision regarding termination or renewal of the Multi-Unit Development Agreement is inconsistent with the Illinois Franchise Disclosure Act §§ 815 ILCS §§ 705/19 and 705/20, the provisions of these sections of the Act will control."

5. Each provision of this Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Act are met independently without reference to this Amendment.

The parties hereto have duly executed this Illinois Amendment to the Multi-Unit Development Agreement on the same date as that on which the Multi-Unit Development Agreement was executed.

FRANCHISOR:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
ESCAPOLOGY, LLC

By:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Charles Burton Heiss , CEO  
(Print Name, Title)

FRANCHISEE:

\_\_\_\_\_  
\_\_\_\_\_

By:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
(Print Name, Title)

PRINCIPAL:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
(Print Name)

PRINCIPAL:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
(Print Name)

**ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT AND FRANCHISE  
AGREEMENT  
REQUIRED BY THE STATE OF INDIANA**

The following Addendum modifies and supersedes the Escapology, LLC Franchise Agreement (the "Agreement") with respect to Escapology franchises offered or sold to either a resident of the State of Indiana or a non-resident who will be operating an Escapology franchise in the State of Indiana to comply with the Indiana Deceptive Franchise Practices Law, Indiana Code, Title 23, Article 2, Chap. 2.7, Sec. 1 through 7:

- (1) Except as to the purchase of escape games and props used in same, Franchisor will not require Franchisee to purchase goods, supplies, inventories, or services from Franchisor or sources designated by Franchisor, if Franchisee can demonstrate that such goods, supplies, inventories, or services of comparable quality are available from sources other than those designated by Franchisor.
- (2) No substantial modification of the Franchise Agreement will be enacted except in writing signed by both parties.
- (3) Franchisor will not obtain money, goods, services, or any other benefit from any other person with whom Franchisee does business, on account of, or in relation to, the transaction between Franchisee and the other person, other than for compensation for services rendered by Franchisor, unless the benefit is promptly accounted for and transmitted to Franchisee.
- (4) Franchisor will not require Franchisee to prospectively assent to a release, assignment, novation, waiver, or estoppel which purports to relieve any person from liability under the Indiana Deceptive Franchise Practices Law.
- (5) Unless Franchisee commits a material violation of the Franchise Agreement, Franchisor will not terminate it.
- (6) Franchisor will not fail to renew a franchise without good cause or in bad faith, provided that Franchisee otherwise complies with the requirements for renewal in the Franchise Agreement.
- (7) The geographic area of the post-termination covenant not to compete restrictions imposed by Section 17.2.2.1 of the Franchise Agreement is hereby limited to the Territory as defined in the Franchise Agreement.

The undersigned hereby acknowledges having read, understood, and executed

this Addendum.

The parties hereto have duly executed this Indiana Amendment to the Franchise Disclosure Document and Franchise Agreement on the same date as that on which the Franchise Agreement was executed.

FRANCHISOR:

ESCAPOLOGY, LLC

By: \_\_\_\_\_

\_\_\_\_\_ Charles Burton Heiss, \_\_\_\_\_ CEO  
(Print Name, Title)

FRANCHISEE:

\_\_\_\_\_

By: \_\_\_\_\_

\_\_\_\_\_ (Print Name, Title)

PRINCIPAL:

\_\_\_\_\_

\_\_\_\_\_ (Print Name)

PRINCIPAL:

\_\_\_\_\_

\_\_\_\_\_ (Print Name)

**ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT  
REQUIRED BY THE STATE OF MARYLAND**

ITEM 12 of the Disclosure Document is amended to add the following:

- The General Release required as a condition of renewal, sale and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

ITEM 17 of the Disclosure Document is amended to add the following:

- Under the Maryland Franchise Registrations and Disclosure Law, Md. Code Ann. Bus. Reg. §14-201 et seq., no general release shall be required as a condition of renewal, termination and/or transfer which is intended to exclude claims 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.
- In the event of a conflict of laws to the extent required by the Maryland Franchise Registration and Disclosure Law, Maryland law shall prevail.
- The Franchise Agreement provides that disputes are resolved through arbitration. A Maryland Franchise Regulation states that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Law. In light of the Federal Arbitration Act, there is some dispute as to whether this Maryland Franchise Regulation is legally enforceable.
- The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101, et seq.).

ITEM 22 of the Disclosure Document is amended to add the following:

- Exhibit F to the Disclosure Document is the form of General Release that we currently require a franchisee to sign if he or she transfers or renews the franchise, which shall not apply as a condition of renewal, sale, and/or assignment to any liability under the Maryland Franchise Registration and Disclosure Law.



**ADDENDUM TO THE FRANCHISE AGREEMENT**  
**REQUIRED BY THE STATE OF MARYLAND**

This Addendum to the Escapology, LLC Franchise Agreement is agreed to between Escapology, LLC ("Escapology") and \_\_\_\_\_ ("You") to amend said Franchise Agreement as follows:

In recognition of the requirements of the Maryland Franchise Registration and Disclosure law, the Franchise Agreement shall be amended as follows:

The general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability 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.

This franchise agreement provides that disputes are resolved through arbitration. A Maryland Franchise Regulation states that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Law. In light of the Federal Arbitration Act, there is some dispute as to whether this Maryland Franchise Regulation is legally enforceable.

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.

Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law applicable to the provisions are met independent of this Addendum. To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of said Franchise Agreement or exhibits thereto, the terms of this Addendum shall govern.

The parties hereto have duly executed this Maryland Amendment to the Franchise Agreement on the same date as that on which the Franchise Agreement was executed.

FRANCHISOR:

ESCAPOLOGY, LLC

By: \_\_\_\_\_

\_\_\_\_\_ Charles Burton Heiss, \_\_\_\_\_ CEO  
(Print Name, Title)

FRANCHISEE:

\_\_\_\_\_

By: \_\_\_\_\_

\_\_\_\_\_, \_\_\_\_\_  
(Print Name, Title)

PRINCIPAL:

\_\_\_\_\_

\_\_\_\_\_  
(Print Name)

PRINCIPAL:

\_\_\_\_\_

\_\_\_\_\_  
(Print Name)

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

Minnesota Statutes, Section 80C.21 and Minnesota Rules 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce (1) any of the franchisee's rights as provided for in Minnesota Statutes, Chapter 80C or (2) franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes, Section 80C.14, Subd. 3-5 which require (except in certain specified cases) (i) that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the Franchise Agreement and (2) that consent to the transfer of the franchise will not be unreasonably withheld.

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). 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 Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.

The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400J. Also, a court will determine if a bond is required. Any limitations of claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 5.

The provision of this Addendum only applies if the jurisdictional requirements of the Minnesota Franchises Law are met independently without reference to this Addendum and to the extent they are then valid requirements of the statute.

**ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT**  
**REQUIRED BY THE STATE OF NEW YORK**

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

**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 WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.**

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

Except as provided above, with regard 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 franchisee to renew or extend**,” and Item 17(m), entitled “**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 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 upon the franchisee by Article 33 of the General Business Law of the State of New York.

**ADDENDUM TO THE FRANCHISE AGREEMENT  
REQUIRED BY THE STATE OF NEW YORK**

THIS RIDER TO THE FRANCHISE AGREEMENT FOR NEW YORK ("Rider") is entered into by and between Escapology, LLC, a Florida limited liability company, with its principal office at 11951 International Drive, #2D52A1, Orlando, Florida 32821 ("we," "us" or "our") and \_\_\_\_\_ ("you" or "your"), whose principal business address is \_\_\_\_\_.

WHEREAS, we and you have entered into a certain Franchise Agreement dated \_\_\_\_\_ which grants you the right to operate a Escapology franchise (the "Franchise Agreement");

WHEREAS, you are domiciled in New York and the Escapology franchise will be located in New York, and/or any of the offering or sales activity relating to the Franchise Agreement occurred in the State of New York; and

WHEREAS, in recognition of the requirements of the General Business Law of the State of New York, Article 33, Sections 680-695, we and you desire to amend certain terms of the Franchise Agreement in accordance with the terms and conditions contained in this Rider.

NOW THEREFORE, in consideration of the mutual covenants and agreements contained in the Franchise Agreement and this Rider and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, we and you agree as follows:

1. Sections 5.2.5 and 16.3.6 of the Franchise Agreement are amended by adding the following language to each Section:

However, to the extent required by applicable law, notwithstanding the signing of a General Release, 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.

2. Section 16.1.1 of the Franchise Agreement is amended by adding the following language to this Section:

However, to the extent required by applicable law, Franchisor will not transfer and assign its rights and obligations under the Franchise Agreement unless the transferee will be able to perform the Franchisor's obligations under the Franchise Agreement, in Franchisor's good faith judgment.

3. Section 20.3 of the Franchise Agreement is amended by adding the following language:

New York Law governs any cause of action which arises under

the New York General Business Law, Article 33, Sections 680-695. The provisions of this Franchise Agreement shall not be deemed a waiver of any rights conferred upon Franchisee by Article 33 of the General Business Law of the State of New York and the regulations issued thereunder.

4. In the event of any conflict between a provision of the Franchise Agreement and this Rider, the provision of this Rider shall control. All terms which are capitalized in this Rider and not otherwise defined, will have the meanings given to them in the Franchise Agreement. Except as amended by this Rider, the Franchise Agreement is unmodified and in full force and effect in accordance with its terms.

5. Each provision of this Rider will be effective only to the extent that the jurisdictional requirements of the New York General Business Law, Article 33, Sections 680-695 are met independent of this Rider.

The parties hereto have duly executed this New York Rider to the Franchise Agreement on the same date as that on which the Franchise Agreement was executed.

FRANCHISOR:

ESCAPOLOGY, LLC

By: \_\_\_\_\_  
Charles Burton Heiss, CEO  
(Print Name, Title)

FRANCHISEE:

\_\_\_\_\_  
By: \_\_\_\_\_  
(Print Name, Title)

PRINCIPAL:

\_\_\_\_\_  
\_\_\_\_\_  
(Print Name)

PRINCIPAL:

\_\_\_\_\_

---

(Print Name)

**ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT  
REQUIRED BY THE COMMONWEALTH OF VIRGINIA**

1. Item 17(h). The following is added to Item 17(h):

"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 ground for default or termination stated in the 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."

The provisions of this Addendum only apply if the jurisdictional requirements of the Virginia Retail Franchising Act are met independently without reference to this Addendum and to the extent they are then valid requirements of the statute.

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.”

**ADDENDUM TO THE FRANCHISE AGREEMENT  
REQUIRED BY THE COMMONWEALTH OF VIRGINIA**

The provisions of this Addendum only apply if the jurisdictional requirements of the Virginia Retail Franchising Act are met independently without reference to this Addendum and to the extent they are then valid requirements of the statute.

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

The parties hereto have duly executed this Virginia Addendum to the Franchise Agreement on the same date as that on which the Franchise Agreement was executed.

\_\_\_\_\_  
FRANCHISOR:  
\_\_\_\_\_  
ESCAPOLOGY, LLC

\_\_\_\_\_  
By:  
\_\_\_\_\_  
Charles Burton Heiss , CEO  
\_\_\_\_\_  
(Print Name, Title)

\_\_\_\_\_  
FRANCHISEE:  
\_\_\_\_\_

\_\_\_\_\_  
By:  
\_\_\_\_\_  
(Print Name, Title)

\_\_\_\_\_  
PRINCIPAL:  
\_\_\_\_\_  
\_\_\_\_\_  
(Print Name)

\_\_\_\_\_  
PRINCIPAL:  
\_\_\_\_\_  
\_\_\_\_\_

(Print \_\_\_\_\_ Name)

**ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT  
REQUIRED BY THE STATE OF WASHINGTON**

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.

## **ADDENDUM TO THE FRANCHISE AGREEMENT REQUIRED BY THE STATE OF WASHINGTON**

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.

The parties hereto have duly executed this Washington Amendment to the Franchise Agreement on the same date as that on which the Franchise Agreement was executed.

FRANCHISOR:

ESCAPOLOGY, LLC

By: \_\_\_\_\_

\_\_\_\_\_  
Charles Burton Heiss, CEO  
(Print Name, Title)

FRANCHISEE:

\_\_\_\_\_

By: \_\_\_\_\_

\_\_\_\_\_  
(Print Name, Title)

PRINCIPAL:

\_\_\_\_\_

\_\_\_\_\_  
(Print Name)

PRINCIPAL:

\_\_\_\_\_

\_\_\_\_\_  
(Print Name)

## **ADDENDUM TO THE MULTI-UNIT DEVELOPMENT AGREEMENT REQUIRED BY THE STATE OF WASHINGTON**

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 multi-unit development 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 multi-unit development agreement in your relationship with the franchisor including the areas of termination and renewal of your franchises.

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 multi-unit development agreement, a developer 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 developer 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 developer 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.

The parties hereto have duly executed this Washington Amendment to the Multi-Unit Development Agreement on the same date as that on which the Franchise Agreement was executed.

\_\_\_\_\_

FRANCHISOR:

\_\_\_\_\_  
ESCAPOLOGY, LLC

By: \_\_\_\_\_

Charles Burton Heiss , CEO  
(Print Name, Title)

\_\_\_\_\_  
DEVELOPER:

\_\_\_\_\_

By: \_\_\_\_\_

(Print Name, Title)

\_\_\_\_\_

**EXHIBIT H**

**RELEASE**

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_ (“Franchisee”) and its Principal(s):

(collectively, “Franchisee’s Principal(s)”), on behalf of themselves and their respective officers, directors, employees, successors, assigns, heirs, personal representatives, and all other persons acting on their behalf or claiming under them (collectively, the “Franchisee Releasors”), hereby release, discharge and hold harmless \_\_\_\_\_ Escapology, LLC (“Franchisor”), Escapology, LLC, , their parents, subsidiaries, affiliates, and each of their respective officers, directors, shareholders, employees, agents, attorneys, successors, and assigns (collectively, the “Franchisor Releasees”) from any suits, claims, controversies, rights, promises, debts, liabilities, demands, obligations, costs, expenses, actions, and causes of action of every nature, character and description, in law or in equity, whether presently known or unknown, vested or contingent, suspected or unsuspected arising under, relating to, or in connection with the Franchise Agreement dated \_\_\_\_\_

\_\_\_\_\_ between Franchisee and Franchisor and any related agreements and the relationship created thereby, or the Franchised Business operated under the Franchise Agreement, or any claims or representations made relative to the sale of the franchise to operate such Franchised Business or under any federal or state franchise or unfair or deceptive trade practice laws, which any of the Franchisee Releasors now own or hold or have at any time heretofore owned or held against the Franchisor Releasees (collectively, the “Franchisee Released Claims”).

FRANCHISEE AND FRANCHISEE’S PRINCIPAL(S) ON BEHALF OF THEMSELVES AND THE FRANCHISEE RELEASORS WAIVE ANY RIGHTS AND BENEFITS CONFERRED BY ANY APPLICABLE PROVISION OF LAW EXISTING UNDER ANY FEDERAL, STATE OR POLITICAL SUBDIVISION THEREOF WHICH WOULD INVALIDATE ALL OR ANY PORTION OF THE RELEASE CONTAINED HEREIN BECAUSE SUCH RELEASE MAY EXTEND TO CLAIMS WHICH THE FRANCHISEE RELEASORS DO NOT KNOW OR SUSPECT TO EXIST IN THEIR FAVOR AT THE TIME OF EXECUTION OF THIS AGREEMENT. The Franchisee Releasors also covenant not to bring any suit, action, or proceeding, or make any demand or claim of any type, against any Franchisor Releasees with respect to any Franchisee Released Claim, and Franchisee and Franchisee’s Principal(s) shall defend, indemnify and hold harmless each of Franchisor Releasees against same.

**[WASHINGTON STATE FRANCHISEES: THIS RELEASE SHALL NOT APPLY TO CLAIMS ARISING UNDER THE FRANCHISE INVESTMENT PROTECTION ACT, CHAPTER 19.100 RCW, OR THE RULES ADOPTED THEREUNDER IN ACCORDANCE WITH RCW 10.100.220(2).]**

Executed as of \_\_\_\_\_.

\_\_\_\_\_  
FRANCHISEE:

By: \_\_\_\_\_

\_\_\_\_\_  
(Name, Title)

\_\_\_\_\_  
FRANCHISEES'S PRINCIPAL:

\_\_\_\_\_  
Print Name:

\_\_\_\_\_  
Print Name:

\_\_\_\_\_  
Print Name:

\_\_\_\_\_  
Print Name:

**EXHIBIT I**

**ESCAPOLOGY ACKNOWLEDGEMENT STATEMENT**

Acknowledgement of the truthfulness of the statements below are an inducement for the Franchisor to enter into a Franchise Agreement (or Multi-Unit Development Agreement). Notify Franchisor immediately, prior to acknowledgment, if any statement below is incomplete or incorrect.

**No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee (or developer) 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.**

1. Franchisee (or Developer) has conducted an independent investigation of all aspects relating to the financial, operational, and other aspects of the business of operating the Franchised Business. Franchisee (or Developer) further acknowledges that, except as may be set forth in Franchisor's Disclosure Document, no representations of performance (financial or otherwise) for the Franchised Business provided for in this Agreement has been made to Franchisee (or Developer) by Franchisor and Franchisee (or Developer) and any and all Principals hereby waive any claim against Franchisor for any business failure Franchisee (or Developer) may experience as a franchisee (or developer) under this Agreement.

\_\_\_\_\_  
Initial

2. Franchisee (or Developer) has conducted an independent investigation of the business contemplated by this Agreement and understands and acknowledges that the business contemplated by this Agreement involves business risks making the success of the venture largely dependent upon the business abilities and participation of Franchisee (or Developer) and its efforts as an independent business operation.

\_\_\_\_\_  
Initial

3. Franchisee (or Developer) agrees that no claims of success or failure have been made to it or him or her prior to signing the Franchise Agreement (or Multi-Unit Development Agreement) and that it/she/he understands all the terms and conditions of the Franchise Agreement (or Multi-Unit Development Agreement). Franchisee (or Developer) further acknowledges that the Franchise Agreement (or Multi-Unit Development Agreement) contains all oral and written agreements, representations, and arrangements between the parties hereto, and any rights which the respective parties hereto may have had under any other previous contracts are hereby cancelled and terminated, and that this Agreement cannot be changed or terminated orally.

\_\_\_\_\_  
Initial

4. Franchisee (or Developer) has no knowledge of any representations by Franchisor or its officers, directors, shareholders, employees, sales representatives, agents or servants, about the business contemplated by the Franchise Agreement (or Multi-Unit Development

Agreement) that are contrary to the terms of the Franchise Agreement (or Multi-Unit Development Agreement) or the documents incorporated herein. Franchisee (or Developer) acknowledges that no representations or warranties are made or implied, except as specifically set forth in the Franchise Agreement (or Multi-Unit Development Agreement). Franchisee (or Developer) represents, as an inducement to Franchisor's entry into this Agreement, that it has made no misrepresentations in obtaining the Franchise Agreement (or Multi-Unit Development Agreement).

\_\_\_\_\_  
Initial

5. Franchisor expressly disclaims the making of, and Franchisee (or Developer) acknowledges that it has not received or relied upon, any warranty or guarantee, express or implied, as to the potential volume, profits or success of the business venture contemplated by the Franchise Agreement (or Multi-Unit Development Agreement).

\_\_\_\_\_  
Initial

6. Franchisee (or Developer) acknowledges that Franchisor's approval or acceptance of Franchisee's (or Developer's) Business location does not constitute a warranty, recommendation, or endorsement of the location for the Franchised Business, nor any assurance by Franchisor that the operation of the Franchised Business at the premises will be successful or profitable.

\_\_\_\_\_  
Initial

7. Franchisee (or Developer) acknowledges that it has received the Escapology, LLC Franchise Disclosure Document with a complete copy of the Franchise Agreement (and Multi-Unit Development Agreement) and all related Attachments and agreements at least fourteen (14) calendar days prior to the date on which the Franchise Agreement (or Multi-Unit Development Agreement) was executed. Franchisee (or Developer) further acknowledges that Franchisee (or Developer) has read such Franchise Disclosure Document and understands its contents.

\_\_\_\_\_  
Initial

8. Franchisee (or Developer) acknowledges that it has had ample opportunity to consult with its own attorneys, accountants, and other advisors and that the attorneys for Franchisor have not advised or represented Franchisee (or Developer) with respect to the Franchise Agreement (or Multi-Unit Development Agreement) or the relationship thereby created.

\_\_\_\_\_  
Initial

9. Franchisee (or Developer), together with Franchisee's (or Developer's) advisers, has sufficient knowledge and experience in financial and business matters to make an informed investment decision with respect to the Franchise granted by the Franchise Agreement (or Multi-Unit Development Agreement).

\_\_\_\_\_  
Initial

10. Franchisee (or Developer) is aware of the fact that other present or future franchisees (or developers) of Franchisor may operate under different forms of agreement(s), and consequently that Franchisor's obligations and rights with respect to its various franchisees may differ materially in certain circumstances.

\_\_\_\_\_  
Initial

11. It is recognized by the parties that Franchisor is also (or may become) a manufacturer or distributor of certain products under the Marks licensed herein; and it is understood that Franchisor does not warrant that such products will not be sold within the Franchisee's (or Developer's) Territory by others who may have purchased such products from Franchisor.

\_\_\_\_\_  
Initial

12. BY EXECUTING THE FRANCHISE AGREEMENT (OR MULTI-UNIT DEVELOPMENT AGREEMENT), FRANCHISEE (OR DEVELOPER) AND ANY PRINCIPAL, INDIVIDUALLY AND ON BEHALF OF FRANCHISEE'S (OR DEVELOPER'S) AND SUCH PRINCIPAL'S HEIRS, LEGAL REPRESENTATIVES, SUCCESSORS AND ASSIGNS, HEREBY FOREVER RELEASE AND DISCHARGE ESCAPOLOGY, LLC AND ANY OF THE ABOVE'S PARENT COMPANY, SUBSIDIARIES, DIVISIONS, AFFILIATES, SUCCESSORS, ASSIGNS AND DESIGNEES, AND THE FOREGOING ENTITIES' DIRECTORS, OFFICERS, EMPLOYEES, AGENTS, SHAREHOLDERS, SUCCESSORS, DESIGNEES AND REPRESENTATIVES FROM ANY AND ALL CLAIMS, DEMANDS AND JUDGMENTS RELATING TO OR ARISING UNDER THE STATEMENTS, CONDUCT, CLAIMS OR ANY OTHER AGREEMENT BETWEEN THE PARTIES EXECUTED PRIOR TO THE DATE OF THE FRANCHISE AGREEMENT (OR MULTI-UNIT DEVELOPMENT AGREEMENT), INCLUDING, BUT NOT LIMITED TO, ANY AND ALL CLAIMS, WHETHER PRESENTLY KNOWN OR UNKNOWN, SUSPECTED OR UNSUSPECTED, ARISING UNDER THE FRANCHISE, SECURITIES, TAX OR ANTITRUST LAWS OF THE UNITED STATES OR OF ANY STATE OR TERRITORY THEREOF. THIS RELEASE SHALL NOT APPLY TO ANY CLAIMS ARISING FROM REPRESENTATIONS MADE BY FRANCHISOR IN FRANCHISOR'S FRANCHISE DISCLOSURE DOCUMENT RECEIVED BY FRANCHISEE (OR DEVELOPER).

\_\_\_\_\_  
Initial

**[WASHINGTON STATE FRANCHISEES: THIS STATEMENT DOES NOT WAIVE ANY LIABILITY THE FRANCHISOR MAY HAVE UNDER THE WASHINGTON FRANCHISE INVESTMENT PROTECTION ACT, RCW 19.100, AND THE RULES ADOPTED THEREUNDER.]**

FRANCHISEE:

PRINCIPAL:

\_\_\_\_\_

\_\_\_\_\_

By: \_\_\_\_\_

\_\_\_\_\_  
(Print Name)

\_\_\_\_\_  
(Print Name, Title)

Date: \_\_\_\_\_

Date: \_\_\_\_\_

PRINCIPAL:

\_\_\_\_\_

\_\_\_\_\_  
(Print Name)

Date: \_\_\_\_\_

## State Effective Dates

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the states, 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:

<b>State</b>	<b>Effective Date</b>
<u>California</u>	<u>PENDING</u>
Illinois	PENDING
Indiana	<del>Exempt</del> <u>PENDING</u>
Maryland	PENDING
Michigan	<del>April 4, 2022</del> <u>PENDING</u>
Minnesota	PENDING
New York	PENDING
Virginia	PENDING
Washington	PENDING
Wisconsin	PENDING

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 HJ**

**RECEIPT**

This Franchise Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this Franchise Disclosure Document and all exhibits carefully.

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

New York requires you to receive this Franchise 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.

If Escapology 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, DC, 20580, and to your state authority listed on Exhibit A.

The name and principal business address and telephone number of each franchise seller offering the franchise is:

Lloyd Notley 11951 International Drive #2D52A1 Orlando, FL 32821 (407) 278-1515/952-8275		
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Issuance Date: April ~~28, 2023~~ 22, 2024

I received a Disclosure Document dated \_\_\_\_\_ that included the following Exhibits:

- EXHIBIT A: List of State Franchise Administrators and Agents for Service of Process
- EXHIBIT B: Franchise Agreement with Attachments
- EXHIBIT C: Multi-Unit Development Agreement with Attachments
- EXHIBIT D: Financial Statements
- EXHIBIT E: Operations Manual Table of Contents
- EXHIBIT F: List of Current Franchisees and Former Franchisees
- EXHIBIT G: State Addenda
- EXHIBIT H: Release
- EXHIBIT I: Escapology Acknowledgement Statement
- EXHIBIT HJ: Receipt

Date Received: \_\_\_\_\_  
(If other than date signed)

DATE: \_\_\_\_\_

Print Name: \_\_\_\_\_

Print Address: \_\_\_\_\_

City, State: \_\_\_\_\_

\_\_\_\_\_  
(Signature of recipient)

KEEP FOR YOUR RECORDS

**RECEIPT**

This Franchise Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this Franchise Disclosure Document and all exhibits carefully.

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- EXHIBIT IJ: Receipt

Date Received: \_\_\_\_\_  
(If other than date signed)

DATE: \_\_\_\_\_

Print Name: \_\_\_\_\_

Print Address: \_\_\_\_\_

City, State: \_\_\_\_\_

\_\_\_\_\_  
(Signature of recipient)

Please return signed receipt to Escapology, LLC:  
11951 International Drive, #~~2D5~~2A1

Orlando, FL 32821