FRANCHISE DISCLOSURE DOCUMENT

Cloudbound Franchise Group, LLC
A Delaware limited liability company
86 N. University Avenue, Suite 350
Provo, Utah 84601
Phone: 385-482-1020
Facsimile: 310-734-0307
www.cloudbound.com
legal@cloudbound.com

The franchisee will operate a Cloudbound™ Park featuring an indoor play facility geared towards children 0-6 years of age.

The total investment necessary to begin operation of a Cloudbound Park is $1,815,000 to $3,631,460, depending on the size of the park (parks may range in size from 10,000 to 20,000 square feet). This includes $634,000 to $1,193,460 that must be paid to the franchisor or its affiliates. If you acquire rights under a Multi-Unit Development Agreement, the total investment necessary to begin operation of the first Cloudbound Park with rights to establish two additional Parks is $1,917,100 to $3,733,560. This includes $734,000 to $1,293,460 that must be paid to the franchisor or its affiliates.

This disclosure document summarizes certain provisions of your franchise agreement and other information in plain English. Read this disclosure document and all accompanying agreements carefully. You must receive this disclosure document at least 14 calendar-days before you sign a binding agreement with, or make any payment to, the franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no governmental 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 Michael Revak, Chief Operating Officer, Cloudbound Franchise Group, LLC, at 86 N. University Avenue, Suite 350, Provo, Utah 84601, 385-482-1020.

The terms of your contract will govern your franchise relationship. Don't rely on the disclosure document to understand your contract. Read your 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, D.C. 20580. You can also visit the FTC's home page at www.ftc.gov for additional information. Call your state agency or visit your public library for other sources of information on franchising.

There may also be laws on franchising in your state. Ask your state agencies about them.

ISSUANCE DATE: September 29, 2025

How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit E.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit F includes financial statements. Review these statements carefully.
Is the franchise system stable, growing, or shrinking?	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
Will my business be the only Cloudbound™ business in my area?	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What's it like to be a Cloudbound franchisee?	Item 20 or Exhibit E lists current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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

Special Risks to Consider About *This* Franchise

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

1. **Out-of-State Dispute Resolution.** The Franchise Agreement and Multi-Unit Development Agreement require you to resolve disputes with the franchisor by arbitration and/or litigation only in the state of the franchisor's principal place of business (currently, Utah). Out-of-state arbitration or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to arbitrate or litigate with the franchisor in Utah than in your own state.

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.

THE FOLLOWING PROVISIONS APPLY ONLY TO TRANSACTIONS GOVERNED BY THE MICHIGAN FRANCHISE INVESTMENT LAW

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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If the franchisor's most recent financial statements are unaudited and show a net worth of less than $100,000.00, the franchisor must, at the request of the franchisee, arrange for the escrow of the initial investment and other funds paid by the franchisee until the obligations to provide real estate, improvements, equipment, inventory, training, or other items included in the franchise offering are fulfilled. At the option of the franchisor, a surety bond may be provided in place of escrow.

Any questions regarding the notice should be directed to the Michigan Dept. of the Attorney General, Consumer Protection Division, Attn: Franchise Section, G. Mennen Williams Building, 1st Floor, 525 West Ottawa St., Lansing, MI 48913 (517-335-7567).

CLOUDBOUND FRANCHISE GROUP, LLC
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EXHIBITS

ITEM 1. THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS, AND AFFILIATES

To simplify the language in this Disclosure Document, "**Franchisor**", "**us**", "**our**", "**we**," or "**CFG**" means Cloudbound Franchise Group, LLC, the franchisor. "**You**," "**your**," or "**Franchisee**" means the person(s) or legal entity (including a corporation, general or limited partnership, limited liability company, association, cooperative or other legal entity, and its owners, partners, or members, as applicable) to whom we grant a franchise. If you are a legal entity, your direct and indirect owners will be required to guarantee your obligations in the form set forth by us (a "**Guarantee**") and be bound by the provisions of the franchise agreement and other agreements as described in this Disclosure Document.

The Franchisor

We are a limited liability company organized under the laws of Delaware on February 20, 2025. Our principal business address is 86 N. University Avenue, Suite 350, Provo, Utah 84601. We do not do business under any name other than Cloudbound Franchise Group, LLC.

We offer franchises under the name "**Cloudbound**" and "**Cloudbound Park**." We began offering franchises in September 2025. As of the date of this Disclosure Document, there are no franchised or company-owned Cloudbound parks open and operating within the United States. We do not operate businesses of the type that we franchise and do not engage in business activities other than franchising Cloudbound parks and providing services to our franchisees; however, our affiliates intend to own and operate Cloudbound parks as further detailed in Item 20 of this Disclosure Document.

Our agents for service of process are disclosed in Exhibit G to this Disclosure Document.

Our Parent, Predecessors and Affiliates

Our parent company is Cloudbound Holdings, LLC ("**CBH**"). We and CBH have developed the Master Insurance Program for Cloudbound franchisees as further described in Items 7 and 8 of this Disclosure Document. CBH has never offered franchises in any line of business. The principal business address for CBH is 86 N. University Avenue, Suite 350, Provo, Utah 84601.

CBH is wholly-owned by CircusTrix Holdings, LLC ("**CTH**"). CTH has never offered franchises in any line of business. The principal business address for CTH is 86 N. University Avenue, Suite 350, Provo, Utah 84601.

CTH is owned by Trampoline Acquisition Holdings, LLC, which is in turn owned by Trampoline Acquisition Parent Holdings, LLC, which is in turn majority-owned by Trampoline Acquisition Corp. (referred to as "**TAC**"). Each of the companies above has the same principal business address as CBH and CTH, except for TAC, which has a principal business address of 1270 Avenue of the Americas, 31st Floor, New York, NY 10020. TAC is owned by Palladium Equity Partners IV LP, which has the same principal business address as TAC. None of these companies offer franchises in any line of business or provide products or services to our franchisees. We have no predecessors.

CTH owns the Intellectual Property (defined below) and has granted us a worldwide license to grant franchises using the Intellectual Property.

Our affiliate Sky Zone, LLC ("**SZ**") is the only approved supplier for: 1) Attractions (including their installation and replacement parts); 2) certain supplies, including but not limited to grip socks, wristbands, party supplies, food preparation items, and sanitation supplies; 3) certain furniture, fixtures, and equipment

to be used in developing and operating your Park, including but not limited to chairs, tables, lockers, food preparation appliances, and décor items; 4) certain promotional materials, merchandise, and other Cloudbound™ branded items; and 5) other items we designate for use or resale at Cloudbound Parks. SZ has never offered franchises in any line of business. SZ's principal business address is 86 N. University Avenue, Suite 350, Provo, Utah 84601.

Our affiliate Sky Zone Franchise Group, LLC ("**SZFG**") has offered franchises for indoor trampoline parks under the SKY ZONE® mark since January 2009. As of December 31, 2024, there were 120 franchised parks and, through SZFG's affiliates, 114 company-owned parks open and operating under the SKY ZONE mark within the United States.

CFG plans to offer certain existing Sky Zone franchisees the first opportunity to develop Cloudbound parks within their existing protected territories if they satisfy certain eligibility criteria and sign MUDAs or Franchise Agreements (as applicable and as each term is defined below) with CFG within 30 days after prospective third-party franchisees express their intent to develop Cloudbound parks within such territories.

Our affiliate Rockin' Jump Franchise, LLC ("**RJF**") offered franchises for indoor trampoline parks and entertainment facilities under the ROCKIN' JUMP® mark from June 2014 to February 2018 and from September 2020 to March 1, 2023. As of December 31, 2024, there were three franchised facilities open and operating under the ROCKIN' JUMP mark within the United States.

Our affiliate House of Trix, LLC ("**HOT**") began offering franchises for indoor trampoline and entertainment facilities under the HOUSE OF TRIX® mark from October 2017 until March 2018 and under the DEFY® mark from October 2018 to March 1, 2023. As of December 31, 2024, there were two franchised facilities and, through HOT's affiliates, eight company-owned facilities open and operating under the DEFY mark within the United States. DEFY parks were designed to be more extreme than Sky Zone parks and use different trade dress that is "edgier" in nature. DEFY parks also tended to occupy larger premises as compared to Sky Zone parks.

As of January 1, 2023, RJF and HOT no longer offer Rockin' Jump and Defy franchises respectively.

The principal business address for SZFG, RJF, and HOT is 86 N. University Avenue, Suite 350, Provo, Utah 84601.

Our affiliate Loscann Insurance Company ("**Loscann**") is a Cayman Islands company and a wholly-owned subsidiary of CTH formed in 2024 to provide general liability insurance coverage to Sky Zone franchisees under the self-insured retention component of the Sky Zone brand's insurance program, effective as of September 1, 2023. Loscann has never offered franchises in any line of business.

The Business

Cloudbound Parks offer unstructured play and active entertainment playspaces for young children and their families using the System and Intellectual Property. "**Attractions**" mean the recreational equipment and activities featured within each Cloudbound Park's playspace and its themed zones, including but not limited to slides, swings, jumping mats, obstacle courses, and ball pits. "**Cloudbound Park**" means any facility that is operated under the System and Intellectual Property. The Cloudbound Park you will operate according to the terms of the Franchise Agreement is referred to in this Disclosure Document as the "**Park**."

Our "**System**" includes a specially developed method of operating a Cloudbound Park using the Intellectual Property, as well as selling other services (such as food, beverages, and parties) and products (including merchandise bearing the Marks), using certain procedures and methods, site evaluation criteria, layouts,

advertising, sales and promotional techniques, personnel training, trade secrets and any other matters relating to the operation and promotion of a Cloudbound Park, as they may be periodically changed, improved, modified and further developed by us or our affiliates. The mandatory and suggested specifications, standards, operating procedures (including safety standards), and rules that we prescribe from time to time for the operation of Parks are sometimes referred to as our "**Methods of Operation**."

"**Intellectual Property**" means the Marks, patents, Copyrighted Materials, and any of our trade secrets and know-how. "**Marks**" means the service marks, trademarks, trade dress, trade names and copyrights and all configurations and derivations, as may presently exist, or which may be modified, changed, or acquired by us or our affiliates, in connection with the operation of Cloudbound Parks. The Marks include "Cloudbound" and "Cloudbound and design," as further described in Item 13 of this Disclosure Document.

You will do business under the fictitious or assumed name of "Cloudbound" or "Cloudbound Park," or any other name that we decide to use in the future. Cloudbound Parks range in size but are typically between 10,000 to 20,000 square feet and feature a "playspace" comprised of at least four themed zones. Regardless of the number of themed zones within each playspace, each Cloudbound Park will contain party rooms and a concession area. All your employees must be thoroughly screened before hiring and you must comply with any background check requirements we establish, which may include requiring you to conduct annual criminal background checks.

This Disclosure Document describes our two franchise programs:

1. **Single Unit Franchise Program**. If we approve you as a franchisee, you must sign a Franchise Agreement, in the form attached as Exhibit A (**"Franchise Agreement**"), to operate a single Cloudbound Park.

2. **Development Program**. If you elect to participate in, and are approved for, the development program, you will execute a Multi-Unit Development Agreement (the "**MUDA**") in the form attached as Exhibit B. Under the MUDA, we will assign you a territory (a "**Development Area**") within which you must open and operate a designated number of Parks within the specified periods of time as set forth in Appendix A to the MUDA ("**Development Schedule**"). In no event will you sign a Franchise Agreement for any Park until we have complied with any applicable waiting periods prescribed by law. You must sign a Franchise Agreement for your first Park at the same time you sign the MUDA, and you must execute a Franchise Agreement for each additional Park in accordance with your Development Schedule.

Although CFG may permit prospective franchisees to participate in the Single Unit Franchise Program on a case-by-case basis, CFG primarily intends to offer Cloudbound franchising opportunities to prospective franchisees who agree to commit to develop three or more Parks under the Development Program described above.

Under the Franchise Agreement and MUDA, each of your shareholders, partners, or members (and their shareholders, partners, or members if they are an entity) who has a 10% or greater interest, or such other persons as we may designate (including owners' spouses) must sign a Guarantee of your monetary obligations and all other obligations under the respective Franchise Agreement and MUDA (as applicable). Additionally, your Responsible Person (as further defined and described in Item 15 below) must execute the Guarantee.

Market and Competition

The services offered by Cloudbound Parks are expected to be used primarily by children up to six years old and are not otherwise limited to any specific submarket. Your Park will have to compete with other recreation and entertainment facilities for children, including other indoor facilities featuring areas intended for use by toddlers. Other franchises will likely also operate businesses providing recreation and entertainment facilities that will compete with your guest base.

Industry Regulations

There may be regulations specific to the operation of a Cloudbound Park in your state that, among other things, require you to maintain a certain ratio between your supervisory employees and the number of children in the Park's playspace or in each party room. You must comply with all local, state, and federal health, safety, and sanitation laws and regulations.

You should consult with your attorney and local, state, and federal government agencies before investing in a Cloudbound franchise to determine all the legal requirements that you must comply with and consider their impact on you and the cost of compliance. Building codes and requirements vary in different jurisdictions and it is important for you and your architect to be aware of and comply with all local laws as well as the federal laws, including the Americans with Disabilities Act. You may also be subject to certain health and safety requirements as well as licensing requirements in supervising children. Some state and local laws may regulate the duration and terms of membership agreements and pre-opening sales and advertising. You may also have to obtain a bond to protect any pre-paid membership fees you collect and there may be buyer's remorse cancellation rights and other types of cancellation rights. There may be laws requiring you to have an employee at your Park who is certified in basic cardiopulmonary resuscitation or on the use of an automated external defibrillator. There may be laws requiring you to have employees at your Park who are certified or otherwise trained to prepare and serve food. You may be required to have certain types of first aid equipment on the Park's premises, such as an automated external defibrillator. You should additionally check with your local attorney for advice on complying with applicable laws during the operation of your Park. You must investigate and satisfy and stay current on all local, state, and federal laws and regulations since they vary from place to place and can change over time.

You must also comply with all Cloudbound required American Society for Testing and Materials ("**ASTM**") standards and other standards as they relate to regulation and safety of indoor play facilities for young children. We reserve the right to require additional ASTM upgrades if such standards change.

ITEM 2. BUSINESS EXPERIENCE

David Hoffmann: Chief Executive Officer, CTH

Mr. Hoffmann has served as Chief Executive Officer for CTH since June 2025. Before that, Mr. Hoffmann was Chief Executive Officer of Mammoth Holdings Inc. from October 2021 to May 2025 in Dallas, Texas. Additionally, Mr. Hoffmann served as the Chief Executive Officer for Dunkin Brands, Inc. from June 2018 to January 2021 in Canton, Massachusetts.

Mike Revak: Chief Operating Officer, CTH and CFG

Mr. Revak has served as Chief Operating Officer for us since February 2025 and for our affiliates since March 2025. Mr. Revak previously served as SZFG's President from February 2024 to March 2025 and as Chief Business Officer of CTH from July 2023 to March 2025. From October 2021 to July 2023, Mr. Revak

served as Senior Vice President of Franchise and Business Development for CTH. From October 2012 to October 2021, Mr. Revak was the Chief Operating Officer of RJF in Dublin, California.

Karen Luey: Chief Financial Officer, CTH and CFG

Ms. Luey has served as Chief Financial Officer for us since February 2025 and for our affiliates since May 2023. Ms. Luey previously served as Chief Financial Officer for The Mina Group, LLC in San Francisco, California from April 2018 to May 2023. Ms. Luey was also on the Board of Directors for Del Taco Restaurants, Inc. in Lake Forest, California from July 2021 through March 2022.

Eric Taylor: Chief Development Officer, CTH and CFG

Mr. Taylor has served as Chief Development Officer for us since February 2025 and for our affiliates since March 2023. Mr. Taylor previously served as Vice President of Development at Tijuana Flats Restaurants, LLC in Orlando, Florida from December 2019 to March 2023.

Joe Tenczar: Chief Information Officer, CTH and CFG

Mr. Tenczar has served as Chief Information Officer for us since February 2025 and for our affiliates since March 2023. Mr. Tenczar previously served as Chief Strategy Officer and Chief Information Officer for Sonny's Franchise Company in Winter Park, Florida, from January 2014 to March 2023, and Founder and President of Restaurant CIOs Consulting in Orlando, Florida, from July 2017 to December 2023.

Stephanie Meltzer-Paul: Chief Commercial Officer, CTH and CFG

Ms. Meltzer-Paul has served as Chief Commercial Officer for us and our affiliates since September 2025. Ms. Meltzer-Paul previously served as Executive Vice President, Global Loyalty Services for Mastercard in Boston, Massachusetts from March 2022 to December 2024; Senior Vice President of Digital Guest Experience for Inspire Brands in Sandy Springs, Georgia from January 2021 to February 2022; and Senior Vice President of Digital & Loyalty for Dunkin' Brands, Inc. from May 2018 to December 2020.

Joshua Rathweg: President of Cloudbound Brand

Mr. Rathweg has served as President for the Cloudbound brand since September 2025 in San Diego, California. Mr. Rathweg has owned and operated Sky Zone® Indoor Trampoline Parks in multiple states since April 2017. Mr. Rathweg previously served as Chief Operating Officer for Fitsyn LLC in Oceanside, California from October 2020 to November 2021.

ITEM 3. LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4. BANKRUPTCY

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

ITEM 5. INITIAL FEES

Franchise Agreement

Initial Franchise Fee. You will be required to pay us an initial franchise fee of $60,000 (the "**Initial Franchise Fee**") upon signing the Franchise Agreement. The Initial Franchise Fee is uniform and non-refundable.

Veterans' and Active-Duty Military Discount. We offer a 20% discount on the Initial Franchise Fee for veterans and active-duty members of the United States armed forces who will hold at least a 51% ownership interest in the Park to be developed and operated under a Franchise Agreement. We reserve the absolute right to determine whether you qualify for this discount and we may deny this discount or modify this discount at any time for any reason. This veterans' and active-duty military discount cannot be combined with any other discounts, including the discounts incorporated into the Development Fee described below.

Other Initial Payments. Before you open your Park, you may be required to pay us or our affiliates the fees and other amounts described below.

Attractions, Furniture/Fixtures, Equipment and Supplies, and Inventory. You must purchase the Attractions (including their installation), wristbands, grip socks, and other items we designate for use or resale at Parks from us or our affiliates. You must additionally purchase certain furniture, fixtures, and other equipment to be used at Parks from us or our affiliates. We and our affiliates are the only approved suppliers for these products and services. The amounts for these items are non-refundable, payable to CFG and its affiliates, and are estimated to range from $545,000 to $1,063,460, depending on the size of your Park.

Insurance. You must participate in the Master Insurance Program developed by us (as further described in Items 7 and 8 of this Disclosure Document) pursuant to which you will pay for your allocated share of Master Insurance Program costs, which we will pass through to insurance carriers, less certain brokerage and administrative costs described in Items 7 and 8 of this Disclosure Document. The cost of the required insurance for the first fiscal quarter of operation is non-refundable, payable to CFG and its affiliates, and is estimated to range from $24,000 to $65,000.

Site Development Fee. No later than 10 days before you open your Park for business, you must pay us a non-refundable site development fee equal to $5,000 in the form of a lump sum payment.

Site Visits. We may require you to reimburse us for our reasonable expenses, including the costs of travel, lodging and food incurred in site evaluation for each visit we make at your request. We estimate our reasonable expenses related to site selection will range from $500 to $5,000. If we require you to pay these expenses, the amounts will be non-refundable.

Space Plan Fees. We will provide three space floor plans to you at no additional cost. If additional space plans are necessary, you will be required to pay us $350 for each additional space plan.

Multi-Unit Development Agreement

Development Fee. If you are approved and we grant you rights to develop multiple Parks within a designated Development Area as described more fully in Item 1 of this Disclosure Document, you will be required to pay us a lump-sum fee amounting to the sum of: (i) $60,000 for the first Park you are granted the right to develop; and (ii) $50,000 for the second Park and each additional Park we grant you the right to develop under the MUDA (collectively, the "**Development Fee**"). For example, the Development Fee for rights to

develop three Parks will be $160,000. The Development Fee is paid to us upon the execution of the MUDA. It is uniform and non-refundable.

ITEM 6. OTHER FEES

TYPE OF FEE*	AMOUNT	DUE DATE	REMARKS
Royalty Fee	6% of Gross Sales	Payable once per month on the third day after preceding month ends	See Note 1 and 2
Ad Fee	3% of Gross Sales	Payable once per month on the third day after preceding month ends	See Note 1 and 2
Local Advertising Funding Requirement	$12,000 during first month of Park operations 4% of Gross Sales thereafter Amount of shortfall (as applicable; see Note)	Monthly	See Note 3
Technology Fee	Not currently charged by us	Monthly	See Note 4
Transfer Fee (Franchise Agreement)	50% of the then-current Initial Franchise Fee $2,500 for select transfers	Prior to Transfer	See Note 5
Transfer Fee (Multi-Unit Development Agreement)	$2,500	Prior to Transfer	See Note 6
Transfer Fee Deposit	$15,000	Prior to Transfer; refunded (less any due amounts) within 60 days following transfer closing date	See Note 7
Successor Franchise Fee	25% of the then-current Initial Franchise Fee	Upon executing successor franchise agreement	See Note 8
Extension Fee (Franchise Agreement)	100% of then-current Initial Franchise Fee	Upon our approval of extension request	See Note 9
Extension Fee (Multi-Unit Development Agreement)	50% of Development Fee	Upon our approval of extension request	See Note 10

TYPE OF FEE*	AMOUNT	DUE DATE	REMARKS
Space Plan Fee	$350 per space plan	Upon delivery of the space plan	See Note 11
Relocation Expenses	Actual costs	As incurred	See Note 12
Call Center Program Fee	Not currently charged by us, but estimated to be from $1,000 to $1,400 per month	Monthly	See Note 13
Interest on Late Payments	Lesser of 18% annually or maximum rate permitted by applicable law	Upon demand	See Note 14
Overdue Supplier Payments	Actual costs	Upon demand	See Note 15
Non-Compliance Fee	$250 for each day you remain out of compliance. $2,500 per violation for failure to obtain guest waivers	Upon demand	See Note 16
Inspection and Compliance Reimbursement	Our actual costs, including travel and living expenses	Upon demand	See Note 17
Training and Assistance Fees	We reserve the right to charge $500 per day, plus travel and living expenses	Upon request or as we require	See Note 18
Annual Convention Fees	Up to $1,500 per person, plus travel and living expenses	15 days before convention begins. If not paid by the required deadline, the fee will be automatically debited from your bank account	See Note 19
Maintenance Costs	Actual costs for failing or refusing to correct deficiencies at your Park	Upon demand	See Note 20
Product, Supply, Furniture, and Equipment Purchases and Installation of Attractions	Varies based on the products, supplies, furniture, and equipment ordered (e.g., Attractions (including installation and replacement parts), wristbands and grip socks)	As incurred and as set forth in the applicable purchase order	See Note 21
Alternate Supplier Approval Costs	Reasonable costs of inspecting proposed supplier and actual costs of testing proposed products or evaluating proposed service or service provider	Upon demand	See Note 22

TYPE OF FEE*	AMOUNT	DUE DATE	REMARKS
Master Insurance Program Costs	Total Cost of Risk (defined in Item 7), estimated between 2.0% and 10.0% of Gross Sales, but subject to recalculation every six to 12 months and could increase or decrease	Monthly	See Note 23
Third-Party Insurance Coverages	Actual costs	As incurred	See Note 24
Quality Control Programs	Actual costs	As incurred	See Note 25
Special Promotion Advertising Fees	As required	As incurred	See Note 26
Audit	Understated amounts with interest; Our costs and expenses of the audit, including professional fees, travel, meals and lodging (as applicable)	Understated amounts due within 15 days of receiving report; Upon demand	See Note 27
Management Fee	50% of Gross Sales; travel and living expenses	As incurred	See Note 28
Taxes	Actual costs	Upon demand	See Note 29
Indemnification	Amount of our liabilities, fines, losses, damages, costs and expenses (including reasonable attorneys' fees)	Upon demand	See Note 30
Costs and Attorneys' Fees	Actual costs and expenses	Upon demand.	See Note 31
Arbitration and Proceeding Costs	Reasonable costs and expenses, including attorneys' fees	Upon conclusion of arbitration or other proceeding	See Note 32
Liquidated Damages	Amount equal to the greater of: (i) $100,000; or (ii) the combined monthly average of Royalty Fees, Ad Fees, and other fees due pursuant to the Franchise Agreement paid by you during the 12 months preceding the date of termination multiplied by the number of remaining months in the Initial Term after termination (or multiplied by 12, if the Park had been open for less than 12 months upon the date of termination)	Immediately upon termination by us for cause or you without cause	See Note 33

TYPE OF FEE*	AMOUNT	DUE DATE	REMARKS
Reimbursement for Other Obligations and Duties	Actual costs and expenses	Upon demand	See Note 34

*Except as otherwise noted, all fees are non-refundable, uniformly imposed, and collected by, and payable to, us or our affiliates. Your costs for certain items listed above may differ depending on the suppliers used, local costs, and other factors. You will be required to establish a designated bank account from which we or our authorized designee will be authorized to withdraw any amounts due to us or our affiliates, including wire transfers or via electronic transfer of funds ("**EFT**"). You will be responsible for all costs and expenses of establishing and maintaining your designated bank account, including any transaction fees and wire transfer fees. You must ensure that sufficient funds are available in your designated bank account at all times to cover our withdrawals.

Note 1: **Amount of Royalty Fee and Ad Fee**. You must pay us a Royalty Fee equal to 6% of Gross Sales and you will pay us 3% of Gross Sales as an Ad Fee. Payments must be made via electronic funds transfer (EFT). We have the right to increase your Ad Fees to an amount equal to up to 4% of Gross Sales.

Note 2: **Timing and Calculation of Royalty Fee and Ad Fee**. Royalty Fees and Ad Fees are due and payable once per month on the third day after the preceding month ends. If the payment date falls on a holiday, the fees will be due on the next business day. Any payment or report not received by us by the date due will be deemed overdue. "**Gross Sales**" means the total amount of all sales of products, services, merchandise, programs sold from, through, or in connection with the Park, whether for cash, on credit, barter or otherwise, but not including applicable sales, use or service taxes. Gross Sales additionally exclude refunds that are provided to customers (not including chargebacks). You will comply with the procedures specified in the Operations Manual (further described in Item 11 of this Disclosure Document) or as otherwise communicated for any electronic funds transfer program and shall perform the acts and sign the documents, including authorization forms that we, your bank and our bank may require to conduct payment by electronic funds transfer, including authorizations for us to initiate debit entries and/or credit correction entries to a designated checking or savings account for payments of Royalty Fees and Ad Fees and other amounts, including interest payable to us. In addition, you will pay all costs associated with using an electronic funds transfer payment program. If you fail to timely report to us in accordance with the procedures set forth in the Franchise Agreement and in the Operations Manual, in addition to any applicable late charge, we have the right, but not the obligation, to debit from your account an estimated amount equal to the fees due and payable to us according to the most recent reports you sent to us.

Note 3: **Local Advertising Funding Requirement**. In addition to Ad Fees and the Grand Opening Marketing Expense (as further described in Items 7 and 11 of this Disclosure Document), you must spend at least $12,000 on local advertising and promotional activities in your Protected Territory (see Item 12 of this Disclosure Document) during the first month following the opening of your Park. Thereafter, you must spend a minimum of 4% of your Park's Gross Sales per month on local advertising. If you fail to spend (or prove that you spent) the Local Advertising Funding Requirement in any month, we may require you to pay us the shortfall as an additional Ad Fee or to pay us the shortfall for us to spend on local marketing for your Park. In addition, we may require you to pay the Local Advertising Funding Requirement to us to administer your local advertising if, in our business judgment, we determine that: (i) your Park is under-performing, (ii) our participation is appropriate or necessary, or (iii) you have failed to comply with the Local Advertising Funding Requirement. If we require you to pay the Local Advertising Funding Requirement to us, you must pay it in the same manner and at the same time as the Royalty Fees.

Note 4: **Technology Fee**. You may be required to pay a fee to us, or a service provider we designate (which may be one of our affiliates), for technology-related services, including, but not limited to, website or email hosting, help desk support, software or website development, enterprise solutions, point-of-sale systems, and other services associated with your Technology System (the "**Technology Fee**"). We may further require you to pay the Technology Fee to us beginning two months prior to your Park's opening. If imposed, the Technology Fee will be payable in the same manner as the Royalty Fee and the Technology Fee may be increased or decreased by us based upon changes in amounts billed to us from service providers upon 30 days' prior written notice to you; provided, however, the Technology Fee will not be more than our costs plus 20% during the term of your Franchise Agreement. Notwithstanding any collection of the Technology Fee by us, you may be required to purchase hardware, software, or other components of the Technology System from required vendors. The Technology Fee includes two email accounts; we reserve the right to charge our costs to you if you request, and we agree to provide, additional accounts.

Note 5: **Transfer Fee (Franchise Agreement)**. You must pay us a transfer fee if you sell or transfer ownership of your Park, the Franchise Agreement, or a controlling interest in you (if you are an entity). You must pay us a transfer fee equal to fifty percent (50%) of our then-current initial franchise fee for new franchises; provided, however, if the transfer is among your existing owners (if you are an entity) or does not involve transfers in the Franchise Agreement, the Park, or a controlling interest in you (if you are an entity), you must instead pay us $2,500 for administrative costs and expenses we incur in connection with documenting and otherwise processing such transfer, including our reasonable legal fees (which includes in-house counsel fees). You must pay us this transfer fee in a lump sum by wire transfer at the time you sign the conditional consent to transfer (attached as Exhibit I to this Disclosure Document). If we terminate our conditional consent to the transfer or the transferee's franchise agreement for certain reasons (for instance, if the transfer does not occur or the transferring parties fail to meet the conditions to our consent), and the transferring parties sign a general release, then we will refund the transfer fee; however, if the transferee has already attended any portion of initial training, we will only refund 50% of the transfer fee. You do not have to pay a transfer fee if you transfer your individual interest in the Franchise Agreement to a corporation, limited liability company, partnership or similar entity in which you maintain management control and of which you own and control 100% of the equity and voting power of all issued and outstanding capital stock or membership interests.

Note 6: **Transfer Fee (Multi-Unit Development Agreement)**. The development rights set forth in the Multi-Unit Development Agreement cannot be transferred. If you are an entity, we will not unreasonably withhold our consent to the transfer of any direct or indirect ownership interests in you which are less than or equal to 49% of your ownership interests. You must pay us a transfer fee equal to $2,500 for administrative costs and expenses we incur in connection with documenting and otherwise processing such transfer, including our reasonable legal fees (which includes in-house counsel fees).

Note 7: **Transfer Fee Deposit**. In the event of a transfer, you must pay us a fee deposit of $15,000 when you sign the conditional consent to transfer. We will refund the deposit to you, less any amounts which may be due under the Franchise Agreement or any other agreement between you and us (or your affiliates and our affiliates), including but not limited to any amounts due pursuant to the Master Insurance Program (as described in Items 7 and 8 of this Disclosure Document), within 60 days following the effective date of the transfer or the date on which you and the transferee have complied with all terms in our agreement and conditional consent to transfer, whichever is later.

Note 8: **Successor Franchise Fee**. You must pay a non-refundable successor franchise fee equal to twenty-five percent (25%) of our then-current initial franchise fee for new franchises, in the form of a lump sum payment by wire transfer or via EFT from your designated bank account upon executing a successor franchise agreement.

Note 9: **Extension Fee (Franchise Agreement)**. You must lease, sublease, or purchase the premises for your Park within nine months after signing a Franchise Agreement. You may request a three month extension of this time frame to lease, sublease or purchase the Location by sending us a written request at least 30 days before the deadline ("**First Extension Period**"). We may grant the First Extension Period, without your payment of any extension fee, if we believe you have engaged in a good faith effort to find premises for your Park. If no less than 30 days prior to the expiration of the First Extension Period, you request an additional extension of time to lease, sublease or purchase the premises for your Park ("**Additional Extension Period**"), we shall have the right, in our sole discretion, to grant such Additional Extension Period provided you pay us an extension fee in an amount equal to our then-current initial franchise fee.

Note 10: **Extension Fee (Multi-Unit Development Agreement)**. As further described in Item 12 of this Disclosure Document, if you fail to comply with your Development Schedule, such failure will be a material breach of the Multi-Unit Development Agreement, which may result in us terminating the Multi-Unit Development Agreement or granting similar development or franchise rights to others within the Development Area. Alternatively, we have the right to refrain from exercising our termination rights in favor of granting you a written extension to the Development Schedule. Such an extension may, in our business judgment, be conditioned on several factors and, if granted, will additionally include the requirement for you to pay us an amount equal to half of your original Development Fee as an extension fee.

Note 11: **Space Plan Fee**. We will provide the first three space plans for your Park at no cost to you. Each additional space plan after the third, if necessary, will cost you $350 per space plan.

Note 12: **Relocation Expenses**. If we consent to the Park's relocation, we have the right to charge you for the expenses we incur in connection with the relocation.

Note 13: **Call Center Program Fee**. You may be required to participate in a call center program, as may be modified by us from time to time (the "**Call Center Program**"). Participation in the Call Center Program may include, without limitation, using and publishing a telephone number designated by us; engaging a designated service provider (which may be us, our Affiliate, or approved third-party service providers) to answer calls and handle customer service matters; and acquiring, installing, and using additional hardware, software, or other technology. You agree to pay all fees imposed by us or our approved third-party service providers for these services. We do not currently collect Call Center Program fees, which are instead payable to approved third-party service providers. If imposed, we may increase the Call Center Program fees up to 20% once per calendar year.

Note 14: **Interest on Late Payments**. All amounts which you owe us and do not pay us when due will bear interest after their due date until payment is received in full at the lesser of: (a) the highest rate of interest permitted by applicable law; or (b) 18% per annum.

Note 15: **Overdue Supplier Payments**. In the event we receive notice from any supplier that you are past due on any payment to such supplier, and you have not provided any notice to the supplier disputing such overdue amount prior to our receipt of notice from the supplier concerning any such past due amount, you hereby authorize us to make payment on your behalf of any such overdue amount to such supplier. You acknowledge and agree we may pay any such overdue amount by withdrawing from your designated bank account an amount equal to the overdue amount owed to the supplier.

Note 16: **Non-Compliance Fee**. In the event you receive a written notice of default for failing to comply with any terms of your Franchise Agreement and fail to cure such default within the specified cure period (if any), we may impose a fee of $250 per day for each day you remain out of compliance. If there

is no cure period, the $250 per day non-compliance fee shall begin the day after we give you written notice. Notwithstanding the foregoing, if you do not obtain a waiver for any guest before they use any Attractions at your Park, we have the right to charge you a non-compliance fee of $2,500 per violation.

Note 17: **Inspection and Compliance Reimbursement**. You agree to reimburse us for our actual costs if, after an inspection of your Park, we determine that additional follow up inspections or assessments are required. Our actual costs may include (but are not necessarily limited to) the travel and living expenses of our employees or designees who perform such follow up inspections or assessments.

Note 18: **Training and Assistance Fees**. We reserve the right to charge you a reasonable amount, currently up to $500 per day (which we may increase by up to 20% annually), for any training we provide to you or your managers or employees after we have provided the minimum required training described in Item 11. We will also make available continuing advisory assistance in a manner as we deem appropriate, and we can charge a reasonable fee for it. You must pay for any travel, meal, incidental, and lodging expenses incurred by persons conducting the training programs (or providing additional guidance and assistance), and by persons attending the training programs (including additional or special training programs requested by you or required by us). We may further require you, your Responsible Person (as further described in Item 15), and/or any of your employees to attend periodic refresher training courses at such times and locations that we designate. You may be required to pay fees for such refresher courses to third-parties or pay our then-current fees for such courses to us (as applicable).

Note 19: **Annual Convention Fees**. At least one representative from your Park must attend annual conventions we periodically conduct at locations to be determined by us at our sole discretion. The annual convention fee may vary from year-to-year due to various economic factors and does not include travel and living expenses for your attendees. The annual convention fee will not be more than our costs plus 20%.

Note 20: **Maintenance Costs**. If at any time the general state of repair, appearance or cleanliness of your Park, or its Operating Assets, does not meet our standards, we may notify you and specify the action you must take to correct such deficiency. If, within 10 days after receiving such notice, you fail or refuse to initiate efforts to complete such required maintenance, we have the right, but not the obligation, to enter the Park and do such maintenance on your behalf and at your expense. You must promptly reimburse us for such expenses.

Note 21: **Product, Supply, Furniture, and Equipment Purchases and Installation of Attractions**. You must purchase certain items such as the Attractions (including their installation), wristbands, party and event supplies, grip socks, certain promotional materials, merchandise, and other Cloudbound branded items from us or our affiliates (See Item 8 for additional information). The prices, terms, and conditions for these purchases are contained on the price list that we, or our affiliates, will periodically supply to you ("**Price List**"). We reserve the right, for ourselves and our affiliates, to update the Price List and change the terms and conditions for these purchases at any time upon written notice. All the individuals who guarantee the Franchise Agreement must also personally guarantee all your purchases of products and equipment from us or our affiliates. You must pay for all taxes, shipping, and handling costs. If you fail to pay for any products or equipment when payment is due, we, or our affiliates, may require you to pay for future products and/or equipment on a cash on demand basis or withhold shipment of products and/or equipment until payment is received, in addition to requiring you to pay late fees and interest.

Note 22: **Alternate Supplier Approval Costs**. If you would like to offer products, services, or classes or use any supplies, Operating Assets (as defined in Item 8), suppliers or service providers that we have not approved, you must submit a written request for approval and provide us with any information that we request. We have the right to inspect the proposed supplier's facilities and test samples of the

proposed products and to evaluate the proposed service provider and the proposed service offerings. We may require the proposed supplier or service provider to visit our headquarters to evaluate the proposed supplier or service provider in person. You agree to pay us a charge not to exceed the reasonable cost of the inspection and our actual costs of testing the proposed product or evaluating the proposed service or service provider, including travel and living expenses for our personnel, whether or not the product, service, supplier, or service provider is ultimately approved.

Note 23: **Master Insurance Program Costs**. All franchisees are required to participate in the Master Insurance Program (defined in Item 7). You must pay us or our affiliate via EFT a fixed amount billed monthly, and adjusted every six to 12 months, to participate in the Master Insurance Program, which we will pass-through to third-party insurance carriers, less certain brokerage and administrative fees as further described in Items 7 and 8 of this Disclosure Document. This amount will depend on several factors, including exposure data (attendance / revenue), loss history, compliance metrics (such as timely incident reporting, number of incidents reported, and results and resolutions of inspections), the Park's location, and other factors and risks which underwriters periodically consider. Your Total Cost of Risk may be higher or lower than the estimated range that we provide. This fee does not include the cost of purchasing other required insurance coverage from third parties, as further described in Item 8 of this Disclosure Document. Your Total Cost of Risk further does not include any deductibles you may be responsible for paying in connection with claims.

Note 24: **Third-Party Insurance Coverages**. Notwithstanding the Master Insurance Program, you must maintain in force, at your sole expense, other required insurance coverages from third-parties for the Park in the amounts, and covering the risks, we periodically specify in the Operations Manual. We have the right to obtain insurance coverage for your Park at your expense if you fail to do so, in which case you must reimburse our costs in a timely fashion.

Note 25: **Quality Control Programs**. You shall participate in all quality control programs we designate, such as mystery or secret shopper programs, and we reserve the right to seek reimbursement of all associated costs and expenses.

Note 26: **Special Promotion Advertising Fees**. We have the right to establish or approve local and/or regional advertising cooperatives for Parks, covering such geographical areas as we may designate from time to time (each a "**Cooperative**"). You and each other member of the Cooperative shall contribute to the Cooperative, using a collection structure selected and established by us, the amount determined in accordance with the Cooperative's by-laws. At our request, you shall furnish us with copies of such information and documentation evidencing your Cooperative contributions. Contributions to such Cooperatives will be credited towards your Local Advertising Funding Requirement; however, if we provide you and your Cooperative (if applicable) notice of any special promotion, you must participate in such promotion and pay to us any special promotion advertising fees assessed in connection therewith, beginning on the effective date of such notice and continuing until such special promotion is concluded. Any such special promotion advertising fees shall be in addition to, and not credited towards, the other advertising expenditures and commitments required under the Franchise Agreement. Any special promotion advertising fees will not be more than our costs plus 20% during the term of the Franchise Agreement.

Note 27: **Audit**. We have the right to inspect and audit, or cause to be inspected and audited, your and the Park's business, bookkeeping and accounting records, sales and income tax records and returns and other records. If any inspection or audit discloses an understatement of your Park's Gross Sales, you agree to pay us the Royalty Fees, Ad Fees, and any other fees understated, plus interest on the understated amounts from the date originally due until the date of payment, within 15 days after receiving the inspection or audit report. In the event any inspection or audit is made necessary by your failure to furnish reports, supporting

records or other information required, or to furnish such items on a timely basis, or if our inspection or audit reveals understatement in any report of 2% or more, you must, in addition to the payment of monies owed with interest, reimburse us for all costs and expenses connected with the inspection or audit, including the professional fees for attorneys and independent accountants and the travel and living expenses of our employees.

Note 28: **Management Fee**. If we issue you a notice of default and you fail to cure such default within any applicable period, we have the right to assume the operation of the Park for such length of time as we determine. You authorize us to operate the Park for so long as we deem necessary and practical, and without waiver of any other rights or remedies we may have under the Franchise Agreement. All monies from the operation of the Park during such period of operation by us shall be accounted for separately and the expenses of the business, including the travel and living expenses of our representatives who operate the Park, shall be charged to such account. We shall be entitled to retain 50% of the Gross Sales of your Park as our management fee after operating expenses are paid.

Note 29: **Taxes**. You must pay us the amount of any state or local sales, use, gross receipts, or similar tax that any state or local government authority imposes on fees which you pay to us, without offset or deduction of any kind. This does not include income-type taxes which any state or local government imposes on our income.

Note 30: **Indemnification**. You must indemnify us and our affiliates for all losses, expenses, obligations, liabilities, damages (actual, consequential, or otherwise), and reasonable defense costs from all claims related to your Park, the Franchise Agreement, or your breach of the Franchise Agreement.

Note 31: **Costs and Attorneys' Fees**. If we incur expenses in connection with your failure to pay when due amounts owed to us or to submit when due any reports, information or supporting records or otherwise to comply with the Franchise Agreement, you agree to reimburse us for any of the costs and expenses which we incur, including reasonable accounting, attorneys', arbitrators', and related fees.

Note 32: **Arbitration and Proceeding Costs**. The prevailing party in any action or proceeding arising under, out of, in connection with, or in relation to the Franchise Agreement will be entitled to recover its reasonable costs and expenses (including attorneys' fees, arbitrator's fees and expert witness fees, costs of investigation and proof of facts, court costs, and other arbitration or litigation expenses) incurred in connection with the claims on which it prevailed.

Note 33: **Liquidated Damages**. Subject to applicable laws, you will be required to pay us the amount of damages that we would suffer due to the loss or interruption of the revenue stream we otherwise would have derived from your continued payment of Royalty Fees, Ad Fees, and Cooperative contributions, less any cost savings, through the remainder of the term of this Agreement (the "**Liquidated Damages**") if we terminate the Franchise Agreement for cause or if you terminate the Franchise Agreement without cause before its expiration. Liquidated Damages will be equal to the greater of: (x) $100,000, or (y) the combined monthly average of Royalty Fees, Ad Fees, and any other fees payable to us or our affiliates under the Franchise Agreement (without regard to any fee waivers or other reductions) paid by you during the 12 months preceding the date of termination, multiplied by: (A) the number of remaining months in the term of this Agreement after termination, or (B) 12 if the Park had been open for less than 12 months upon the date of termination. The present value of the total calculated at a discount rate of 8%, assuming payment at the end of each month, will be our Liquidated Damages. In addition to Liquidated Damages, we reserve all other remedies we have under the Franchise Agreement.

Note 34: **Reimbursement for Other Obligations and Duties**. If we issue you a notice of default and you fail to cure such default within any applicable period, we have the right to undertake or perform

on your behalf any obligation or duty that you are required to, but fail to, perform under the Franchise Agreement. You will reimburse us upon demand for all costs and expenses that we reasonably incur in performing any such obligation or duty.

ITEM 7. ESTIMATED INITIAL INVESTMENT

A. YOUR ESTIMATED INITIAL INVESTMENT – FRANCHISE AGREEMENT

TYPE OF EXPENDITURE	AMOUNT		METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Initial Franchise Fee	$60,000		Lump Sum	Upon signing the Franchise Agreement	Us
	Low	**High**			
Lease & Security Deposits (Note 1)	$0	$120,000	Lump Sum	Upon signing the lease	Landlord
Leasehold Improvements/ Architect (Note 2)	$850,000	$1,789,950	Lump Sum	Before Opening	Landlord, architect, construction company
Signage	$30,000	$100,565	Lump Sum	Before Opening	Vendors
Attractions (Note 3)	$350,000	$730,330	Lump Sum	Before Opening	Vendors and us or our affiliates
Furniture/Fixtures (Note 4)	$80,000	$169,970	Lump Sum	Before Opening	Vendors and us or our affiliates
Computer Equipment (Note 5)	$100,000	$129,485	Lump Sum	Before Opening	Vendors
Equipment and Supplies (Note 6)	$100,000	$140,560	Lump Sum	Before Opening	Vendors and us or our affiliates
Licenses, Dues, and Utility Deposits	$5,000	$12,000	Lump Sum	Before Opening	Government Agencies and Organizations
Inventory (Note 7)	$15,000	$22,600	Lump Sum	Before Opening	Vendors and us or our affiliates
Travel Expenses/Pre-Opening Wages (Note 8)	$20,000	$40,000	Lump Sum	Before Opening	Airlines, hotels, etc.
Professional Fees	$4,000	$14,000	Lump Sum	Before Opening	Attorney, accountant
Insurance Premiums, Allocations and Other Insurance for first quarter of operations (Note 9)	$24,000	$65,000	Lump Sum	Before Opening	Insurance underwriters and us or our affiliate
Additional Funds – Three Months (Note 10)	$137,000	$197,000	As incurred	As incurred	Employees, suppliers, utilities, etc.
Grand Opening Marketing Expense (Note 11)	$35,000	$35,000	Lump Sum	Before Opening	Advertising company
Site Development Fee (Note 12)	$5,000	$5,000	Lump Sum	No later than 10 days before opening	Us
TOTAL (Note 13)	**$1,815,000**	**$3,631,460**			

Explanatory Notes

The expenses in the table above are estimates based upon: (i) our affiliate's experiences in developing one Cloudbound™ park in the State of New York which has not opened for business as of the date of this Disclosure Document; (ii) our affiliates' experiences in developing and operating Sky Zone parks; and (iii) Sky Zone franchisees' experiences in developing and operating Sky Zone parks, including parks ranging between 17,000 and 29,000 square feet. You are encouraged to make an independent investigation and analysis of the potential expenses which you may incur to begin operating your Park.

Note 1: **Lease and Security Deposit**. We estimate that the ideal size of a Park should range between 10,000 and 20,000 square feet. In most cases, the landlord will require a security and/or rental deposit. Usually, the landlord will require you to pay the equivalent of at least one month's rent. Rental rates or deposits on an unknown location cannot be predicted in advance; however, the deposit will most likely depend on the size and location of the Park. These costs will vary greatly depending on the area where the Park will be located. The low range represents the least expensive deposit for a Park and the high range represents one month's estimated rent as a security deposit plus the first month's estimated rent. In most cases, franchisees rent rather than purchase property. This estimated range assumes you will rent the premises for your Park and does not cover any debt service you incur or related fees such as loan interest, loan origination fees, and any and all other fees associated with the financing of the project. If you purchase the property, your initial expenses will dramatically increase.

Note 2: **Leasehold Improvements and Architect Fees**. When a site has been selected by you and approved by us in writing, you will select a licensed architect that meets our standards or has been approved by us who will provide you with a preliminary layout and suggestions for the design of a typical Park and then a full set of design plans. You will pay for the local architect's services directly.

The cost of construction, improvements or building varies widely by the size of the space, the existing improvements, local construction rates, and construction methods (such as whether you use a prefabricated construction vendor). For example, if the electrical outlets, bathrooms, or heating/cooling are not already completed in the site, your costs for leasehold improvements will be higher. Sometimes you may receive a construction allowance from the landlord and if so, the costs may be reduced accordingly. The cost of leasehold improvements in the above table includes estimated costs for flooring and the architect's services. The cost of leasehold improvements in the above table does not include any of the items already listed separately as "Furniture/Fixtures", "Attractions" or "Equipment and Supplies" or any tenant improvement allowances. In some cases, costs may be significantly lower depending on lease negotiations with local landlords. We provide the first three space plans to you at no additional cost. Each additional space plan you request will cost $350.

Note 3: **Attractions.** Attractions costs vary based on the selected attractions for your Park's playspace and your Park's size. You must purchase the Attractions and their installation from us or our affiliates, or through approved vendors.

Note 4: **Furniture/Fixture**. This range includes furniture, storage, lighting, etc. You must purchase these items from us or our affiliates, or through approved suppliers. The costs within this range assume you are purchasing new items and include estimated installation costs.

Note 5: **Computer Equipment**. You are required to purchase technology from our approved vendors which will include certain computer hardware, software, a video surveillance security system, and other devices for use in operating your Park, as further described in the Franchise Agreement and in Item 11 of this Disclosure Document. The estimated costs in this range are inclusive of on-site installation, certain initial setup fees, and certain services described in Item 11. Your costs will depend on the number

of computer stations you purchase and whether you purchase certain additional equipment for your Park. Your surveillance camera system must monitor all Attractions and areas of your Park and include recording equipment to record and store video records of injuries for minimum of 365 days (ready access storage). Additionally, the surveillance camera system must allow for us and our designees to have direct and independent access to your security cameras and video storage (365 days' history) at all times.

Note 6: **Equipment and Supplies**. This range includes café equipment, cleaning supplies and equipment, first aid equipment, party supplies, wristbands, office supplies, items to support parks' openings, and uniforms. The costs within this range assume you are purchasing new items and include estimated installation costs.

Note 7: **Inventory**. These amounts represent the cost of your inventory, including party favors, grip socks, merchandise, and concessions.

Note 8: **Travel Expenses/Pre-Opening Wages**. You must pay for your own transportation, meals, lodging, and any other living expenses for you and any other persons attending any training programs outlined in Item 11 of this Disclosure Document. The amount you spend per individual will depend on the distance traveled and the type of accommodations you choose. This range features estimated expenses for you and up to four other people traveling to a Cloudbound Park for approximately five days to attend the initial training program but does not include any wages or salary you may choose to pay yourself or others while attending such initial training program. This range additionally includes estimated wages for your general manager and hourly employees to participate in pre-opening training and other activities beginning approximately four days before your Park opens for business. Your costs may vary depending on the number of employees you hire, whether you elect to supervise the Park yourself on a day-to-day basis, and labor expenses in the state where your Park is located.

Note 9: **Insurance**. The amounts represent the cost of the required insurance for the first fiscal quarter of operation. In conjunction with our broker and underwriters, we and our parent CBH have developed a mandatory insurance program, which provides our franchisees with primary general liability and follow form excess liability coverage tailored specifically to Parks, in addition to a risk management program (the "**Master Insurance Program**"). You must participate in the Master Insurance Program. Currently, under the program, coverage for each franchise Park is a total liability limit is $6 Million between primary and excess liability policies. You will pay for your allocated share of Master Insurance Program costs (the "**Total Cost of Risk**"). The Total Cost of Risk currently covers the following costs: (a) the premiums for a designated commercial insurance carrier (or carriers) to provide primary general liability and follow form excess liability coverage; (b) any insurance broker fees paid by us or our affiliate(s); and (c) an administrative fee retained by us for our administration of the Master Insurance Program. The Total Cost of Risk will depend on a number of factors, including cost of insurance, revenue, attendance, location, losses, compliance metrics (such as timely incident reporting, number of incidents reported, and inspection results and resolutions), and other factors which third-party insurance carriers periodically determine reflect the risks generated by each franchisee. Third-party insurance carriers typically recalculate the Total Cost of Risk every six to 12 months (each 6-month or 12-month period, a "**Coverage Period**"), at which time the Total Cost of Risk may increase or decrease. We or our broker on our instruction will notify you of your Total Cost of Risk before the beginning of each Coverage Period. Additionally, if a third-party insurance carrier cancels your coverage during a Coverage Period or upon its conclusion, your Total Cost of Risk may increase or decrease in connection with obtaining coverage from a replacement insurance carrier.

The Total Cost of Risk does not include any deductibles you may be responsible for paying in connection with claims.

We may discontinue or modify the Master Insurance Program at any time and may require you to participate in additional or replacement mandatory insurance programs, including mandatory insurance programs made available by a captive self-insured retention company, which may be us or an affiliate of ours. If the Master Insurance Program is discontinued, you must secure liability insurance from our approved supplier of insurance.

While we believe the limits of the Master Insurance Program to be sufficient based on commercially reasonable standards, we do not guarantee the sufficiency of the Master Insurance Program to cover all losses.

You must also carry additional insurance such as commercial property insurance, crime, business auto liability, workers compensation, and other coverages as we may require from time to time. Property insurance premiums can range from $4,000 to $14,000 annually depending on the Park location and size of the facility. Workers compensation insurance premiums can range from $2,000 to $25,000 annually depending on the state in which your Park is located, job classification, prior claims history, and the number of employees.

Note 10: **Additional Funds**. This item estimates your initial startup expenses during the initial period of the operation of your Park, which we estimate is three months. These expenses include rent (for two months within the high end of this range, as the high end of the "Lease and Security Deposit" range already includes one month of rent), payroll costs, utilities, additional inventory requirements, supplies, advertising, and marketing costs after the Park is open, etc., but do not include Royalty Fees, or Ad Fees and do not include an owner's salary or draw or any expenses which are listed in the table above. These figures are estimates, and you may have additional expenses to start the business.

Note 11: **Grand Opening Marketing Expense**. As explained in Item 11 of this Disclosure Document, you must spend a minimum of $35,000 ("**Grand Opening Marketing Expense**") for grand opening advertising and sales promotions for your Park. You must spend this Grand Opening Marketing Expense before you open your Park.

Note 12: **Site Development Fee**. No later than 10 days before the date that you open your Park, you must pay to us a non-refundable site development fee equal to $5,000, in the form of a lump sum payment.

Note 13: **Total**. The expenses may vary based on your geographic location. You should review these figures carefully with a business advisor before making any decision to purchase the franchise. Fees paid to us are not refundable under any circumstances, unless otherwise stated in the Franchise Agreement. Fees or costs due to any other entity are subject to the terms set under their agreements. Inflation, discretionary expenditures, fluctuating interest rates, freight and other shipping expenses, and other factors, such as how long it takes for you to secure an approved site for your Park and its particular size, may affect your actual costs to open your Park. You are responsible for all costs and variances from the estimated costs in this Item 7, or variances from any other estimates we may provide during any phase of the development of your Park. The availability and terms of financing depend on the availability of financing generally, your creditworthiness, your available collateral, and lending policies of financial institutions. The estimate does not include any finance charges, interest, or debt service obligation and does not include any federal, state, or local taxes and any shipping expenses. We do not currently finance any portion of the initial investment.

B. YOUR ESTIMATED INITIAL INVESTMENT - DEVELOPER (3-PACK)[1]

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment Is to be Made
Development Fee (Note 2)	$160,000	Lump Sum	Upon Execution of Development Agreement	Us
Vehicle (three months) (Note 3)	$2,100	As arranged with third-party		
Estimated Investment to Open Initial Park Minus Initial Franchise Fee That Is Collected In The Development Fee (Note 4)	$1,755,000 - $3,571,460	See Section A of this Item 7 for Parks, minus Initial Franchise Fee		
Total	$1,917,100 - $3,733,560	This is the total estimated initial investment to enter a MUDA for the right to acquire franchises to develop a total of three Parks, as well as the costs to open and commence operating your initial Park for the first three months (as described more fully in the table above in this Item 7).		

Explanatory Notes

Note 1: **General.** All fees and payments are non-refundable, unless otherwise stated or permitted by the payee. This table details the estimated initial investment associated with executing a Multi-Unit Development Agreement for the right to acquire franchises to develop three Parks, as well as the initial investment to open the first Park under the Development Schedule.

Note 2: **Development Fee.** The Development Fee is described in greater detail in Item 5 of this Disclosure Document, and the Development Fee in the table above corresponds with the right to acquire franchises to develop three franchised Parks (provided you comply with your development obligations under the Development Agreement). If you choose, and we agree, to develop more than three Parks, your Development Fee will be higher.

Note 3: **Vehicle.** We expect that you will need a vehicle to view potential sites, oversee buildouts of Parks, supervise multiple Park locations, etc. We estimate that your vehicle costs will be $2,100, including gas, maintenance, and monthly payments. The amount you expend may be less if you use a vehicle that you already own to perform these tasks.

Note 4: **Estimated Investment to Open Initial Park.** This figure represents the total estimated initial investment required to open the initial Park you agreed to develop under the MUDA. You must execute our current form of Franchise Agreement for the first Park we grant you the right to open within the Development Area concurrently with executing the MUDA. The range includes all the items outlined in the table above in Section A of this Item 7, except for the Initial Franchise Fee for the first Park. This range does not include any of the costs you will incur when you establish additional Parks under a MUDA. Your costs to develop additional Parks under the MUDA may be affected by factors including inflation, labor and materials costs, and other factors not within our control.

ITEM 8. RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

In order to ensure a uniform image and uniform quality of products and services throughout the System, you must build and operate the Park according to our standards and specifications as we may establish from time to time, which includes purchasing approved products, services, supplies, inventory, equipment, and materials required for the operation of the Park from manufacturers, suppliers or distributors we approve.

Although you are not required to purchase or lease real estate from us or our affiliates, we must accept the location of your Park (see Item 11 of this Disclosure Document). You must construct and equip your Park in accordance with our then current approved design, specifications and standards. In addition, it is your responsibility to ensure that your building plans comply with the Americans with Disabilities Act and all other federal, state and local laws. You also must use equipment (which includes the Technology System described in Item 11 of this Disclosure Document), signage, fixtures, furnishings (hereinafter sometimes referred to as the "**Operating Assets**"), products, supplies and marketing and sales promotion materials that meet our specifications and standards.

We reserve the right to designate a primary or single source for certain products, services, and supplies, and we or an affiliate may be that single source. For example, as of the date of this Disclosure Document, you must purchase those items designated in the next section of this Item 8 from us, our affiliate or our designated approved third-party vendor. Other than any required products or services where we designate one or more approved suppliers, you have no obligation to purchase or lease products, goods, services, supplies, fixtures, equipment, inventory, computer hardware and software, real estate, or comparable items related to establishing or operating the Park from us, our affiliates or designated third parties.

Approved Suppliers

Suppliers must demonstrate their ability to supply franchisees' needs in a timely and reliable manner and their products must meet our specifications and standards as to quality and appearance. Our supplier specifications and standards are described in our confidential Operations Manual (the "**Manual**") (as further described in Item 11 below) or on our intranet site for the System, as we may update each from time to time.

As of the date of this Disclosure Document, you must purchase the following designated products or services from approved suppliers we designate (each an "**Approved Supplier**"): (1) All Attractions (including installation) & replacement parts; (2) fixtures, furniture, equipment, signage (safety, interior & exterior), décor, architect services, paper products; (3) uniforms, shirts and all merchandised items intended for retail sale (whether or not bearing our Marks); (4) bags, packaging, party supplies, or general supplies (whether or not bearing our Marks); (5) point-of-sale equipment, software, technology solutions (IT equipment/software) and other components of the Technology System; (6) insurance policies; (7) general contractor services and prefabricated construction vendors; (8) equipment or apparel required for customers to use our service, including but not limited to grip socks and wristbands; (9) vending machines; (10) certain Digital Marketing services (as defined and further described in Item 11 of this Disclosure Document); (11) food & beverage, including but not limited to certain brands & products / menu items; (12) park cleaning supplies; (13) park scenting; (14) gift cards; and (15) certain support services & other products related to the operation of your Park. For some of these Approved Suppliers, e.g. food distribution, you will be required to sign a participation agreement directly with the distributor prior to commencing services.

Currently our affiliate, Sky Zone, LLC, is the only Approved Supplier for the purchase and installation of the Attractions and their replacement parts for your Park. Additionally, we and our affiliates are also the only Approved Supplier for certain supplies, including but not limited to grip socks, wristbands, party supplies, food preparation items, and sanitation supplies; certain furniture, fixtures, and equipment to be

used in developing and operating your Park, including but not limited to chairs, tables, lockers, food preparation appliances, and décor items; certain promotional materials, merchandise, and other Cloudbound™ branded items you will use in the marketing and promotion of your Park. We and our affiliates reserve the right to be the only approved supplier of the Technology System for use in your Park.

Except for products, services or supplies for which we have designated a single Approved Supplier, if you wish to purchase or lease any goods, products, equipment, or supplies from suppliers or service providers we have not yet approved, you must submit a written request for approval and provide us with any information that we request. We have the right to inspect the proposed supplier's facilities and test samples of the proposed products and to evaluate the proposed service provider and the proposed service offerings. We may require the proposed supplier or service provider to visit our headquarters to evaluate the proposed supplier or service provider in person. You agree to pay us a charge not to exceed the reasonable cost of the inspection and our actual costs of testing the proposed product or evaluating the proposed service or service provider, including our employees' travel and living expenses, whether or not the product, service, supplier, or service provider is ultimately approved. We have the right to grant, deny, or revoke approval of products, services, suppliers, or service providers based solely on our judgment. We will notify you in writing of our decision as soon as practicable following our evaluation. If you do not receive our approval within 90 days after submitting all the information that we request, our failure to respond will be deemed a disapproval of the request. You acknowledge that the products and services that we approve for you to offer or use in your Park may differ from those that we permit or require to be offered or used in other businesses.

We and our affiliates reserve the right to receive discounts, rebates, commissions, promotional allowances and other benefits or other consideration from Approved Suppliers in connection with franchisee purchases of products and services as described in this Item 8, as well as in connection with any future purchases of any products or services. Most of these payments are calculated on an amount based on products or services sold. We and our affiliates may retain and use all amounts received from suppliers and distributors, whether based on your or other franchisees' actual or prospective dealings with them, without restriction for any purposes we or our affiliates deem appropriate or as required pursuant to our agreements with Approved Suppliers. In certain instances, Approved Suppliers may charge our affiliate a lower amount for our affiliate operated Parks than available to a franchisee, based on volume purchases or other similar conditions for those Parks. We also may derive revenue from any items we or any affiliate sells directly to you by charging you more than our or the affiliate's cost. You will pay the then-current price in effect at the time for items you purchase from us or our affiliates.

We have not offered franchises for Parks before the issuance date of this Disclosure Document. Accordingly, we have not derived any revenues from required purchases by our franchisees.

We estimate that the purchase of products from approved sources will represent approximately 90% to 95% of your overall product purchases in opening the franchise and 80 to 85% of your overall product purchases in operating the franchise.

As of the date of this Disclosure Document, none of our officers has any interest in any approved supplier.

There are currently no purchasing or distribution cooperatives.

We do not provide material benefits to you (for example, renewal or granting additional franchises) based on your purchase of products or services or use of particular suppliers.

Insurance

Master Insurance Program. In conjunction with our broker and underwriters, we and our parent CBH have developed the Master Insurance Program. You must participate in the Master Insurance Program, which provides our franchisees with primary general liability and follow form excess liability coverage tailored specifically to Parks, in addition to a risk management program. The risk management program includes a software platform for the reporting of injuries, periodic compliance inspections and reports, a third-party administrator for claims, and various reserves for claims incurred but not reported.

You must pay, via electronic funds transfer (EFT), your Total Cost of Risk each month to participate in the Master Insurance Program, which we will pass-through to third-party insurance carriers, less the brokerage and administrative fees described below. The Total Cost of Risk currently covers the following costs: (a) the premiums for a designated commercial insurance carrier (or carriers) to provide primary general liability and follow form excess liability coverage; (b) any insurance broker fees paid by us or our affiliate(s); and (c) an administrative fee retained by us for our administration of the Master Insurance Program. The Total Cost of Risk will depend on a number of factors, including cost of insurance, exposure (attendance/revenue), loss history, compliance metrics (such as timely incident reporting, number of incidents reported, and inspection results and resolutions), your Park's location, and other factors which underwriters periodically determine reflect the risks generated by each franchisee. Third-party insurance carriers typically recalculate the Total Cost of Risk every six to 12 months, at which time the Total Cost of Risk may increase or decrease. We or our broker on our instruction will notify you of your Total Cost of Risk before the beginning of each Coverage Period. Additionally, if a third-party insurance carrier cancels your coverage during a Coverage Period or upon its conclusion, your Total Cost of Risk may increase or decrease in connection with obtaining coverage from a replacement insurance carrier. Failure to timely pay any Total Cost of Risk payment will constitute a breach of the Franchise Agreement.

The Total Cost of Risk does not include any deductibles you may be responsible for paying in connection with claims.

The current coverage provided under the Master Insurance Program will be based on an insurance policy that is expected to expire on March 1, 2026. Upon the expiration of the policy, we intend to negotiate a new policy with our broker and underwriting partners, but we cannot guarantee that the program coverage will remain the same or that the Total Cost of Risk or other fees related to the Master Insurance Program will not change at that point or in the future.

We may discontinue or modify the Master Insurance Program at any time and may require you to participate in additional or replacement mandatory insurance programs, including mandatory insurance programs made available by a captive self-insured retention company, which may be us or an affiliate of ours. If we at any time discontinue, or reduce the scope of, the Master Insurance Program, you will be required to buy and maintain at your own expense, insurance with at least the same level of coverage as provided under the then current Master Insurance Program, from an approved supplier of general liability and excess insurance.

We have not offered franchises for Parks before the issuance date of this Disclosure Document, so we or our affiliates have not previously invoiced any payments in connection with the Master Insurance Program.

Listed below are the types and minimum coverage amounts that are included under the Master Insurance Program as of the date of this Disclosure Document. If your state requires greater coverage amounts for the categories listed below, you must obtain and maintain any additional coverage as required by your state. We may also designate different insurance coverage, endorsements, exclusions or amounts from time to time in our Operations Manual.

COMMERCIAL GENERAL LIABILITY:
Each Occurrence $2,000,000.
General Aggregate Limit: $4,000,000.
Products/Completed Operations $2,000,000.
Personal and Advertising Injury Limit: $2,000,000.
Hired and Non-owned auto coverage $2,000,000.
Damage to premises rented to you $2,000,000.
Employee Benefits Coverage $2,000,000 each employee/$4,000,000 Aggregate
Sexual Misconduct Liability by endorsement to the policy
Communicable disease excluded.

UMBRELLA LIABILITY
Each Occurrence $3,000,000.
Annual Aggregate per Location $6,000,000.
Communicable disease excluded.

ADDITIONAL REQUIRED AND OPTIONAL INSURANCE. In addition to your participation in the Master Insurance Program, you must procure and maintain in force from an approved insurance company with an "A" or better rating by AM Best and a Financial Size Rating of "VII" or better: (a) Special Form property insurance, including fire and extended coverage, vandalism and malicious mischief insurance, for 100% of the replacement value of your Park and its contents; and (b) any other insurance policies, including but not limited to business interruption insurance, hired and non-owned automobile insurance, unemployment insurance, excess umbrella insurance and worker's compensation insurance (with a broad form all-states endorsement) insurance, as we may determine periodically or as required by law. For any interruption in the operation of the Park for any other reason, you must continue to pay us, during the period of interruption, continuing royalty fees based on the average monthly Royalty Fees paid by you during the 12 months immediately preceding the period of interruption. All insurance policies must: (1) contain the types and minimum amounts of coverage, exclusions, and maximum deductibles as we prescribe; (2) name us and our affiliates as additional insureds; (3) include such other provisions as we may require periodically. Excess and Surplus Lines insurance is not permitted for any of the types and amounts of coverages listed below, as may be modified by us from time to time. You shall agree to provide us with 30-days prior written notice of any material modification, cancellation, or expiration of any insurance policies we may require. Listed below are the types and minimum coverage amounts that are not currently included in the Master Insurance Program. If your state requires greater coverage amounts for the categories listed below, you must obtain and maintain any additional coverage as required by your state. We may also designate different insurance coverage, endorsements, exclusions or amounts from time to time in our Operations Manual or amendments thereto.

PROPERTY INSURANCE:
Business Personal Property Replacement - value of personal property

Tenant Improvements and Betterments Replacement - value of tenant improvements

Business Income Coverage - 50% of Annual Gross Revenue (2 or more Locations – Coverage written on a blanket basis)

WORKERS' COMPENSATION:

Workers' Compensation STATUTORY (with All States Broad Form)

Employer's Liability: $1M/$1M/$1M

ITEM 9. FRANCHISEE'S OBLIGATIONS

This table lists your principal obligations under the Franchise Agreement (FA) and Multi-Unit Development Agreement (MUDA). It will help you find more detailed information about your obligations in the Franchise Agreement, MUDA, and in other items of this Disclosure Document.

Obligation	Section in Agreement	Disclosure Document Item
a. Site selection and acquisition/lease	FA: 4	7 and 11
b. Pre-opening purchases / leases	FA: 4	8
c. Site development and other pre-opening requirements	FA: 4 MUDA: 1.B., 2.C.	6, 7 and 11
d. Initial and ongoing training	FA: 6	11
e. Opening	FA: 4 MUDA: 2.D., 2.E.	11
f. Fees	FA: 4.3, 4.5, 4.6, 4.9, 5, 6.2, 6.4, 6.6, 9.3, 9.4, 9.6, 9.9, 9.10, 9.12, 10.2, 10.3, 10.4, 12.3, 13.3, 13.6, 14.1, 15.3, 15.4, 16.1, 16.4, 19.7, 19.11 MUDA: 6.B., 8, 12.B., 12.D., 17.I.	5 and 6
g. Compliance with standards and policies / Operations Manual	FA: 6, 7, 8, 9, 10.2, 10.5, 15.2, 15.3, 15.4 MUDA: 2.C., 2.D., 2.E.	11
h. Trademarks and proprietary information	FA: 6, 7, 8 MUDA: 1.A.	13 and 14
i. Restrictions on products/services offered	FA: 6, 7.2, 8, 9	16
j. Warranty and customer service requirements	FA: 9.1, 9.7, 9.16, 9.17	11
k. Territorial development and sales quotas	MUDA: 1.B., 1.C., 2.C., 2.D., 2.E., 2.F.	12
l. Ongoing product/service purchases	FA: 9	8
m. Maintenance, appearance, and remodeling requirements	FA: 9.1, 9.3, 9.4, 13.3, 14.1	11
n. Insurance	FA: 4.3, 4.7, 9.9, 13.3	6, 7 and 8
o. Advertising	FA: 4.9, 7.2, 7.4, 9.11, 10	6 and 11
p. Indemnification	FA: 2.3, 15.3, 18.4 MUDA: 11.B.	6

Obligation	Section in Agreement	Disclosure Document Item
q. Owner's participation/ management/staffing	FA: 2.3, 2.4, 6.2, 8.2, 9.1 MUDA: 1.A., 1.B., 1.D., 9	11 and 15
r. Records and reports	FA: 11 MUDA: 1.E.	6
s. Inspections and audits	FA: 12	6 and 11
t. Transfer	FA: 13 MUDA: 6.A., 6.B.	17
u. Renewal	FA: 14	17
v. Post-termination obligations	FA: 16 MUDA: 10.C., 10.D., 10.E., 10.F.	17
w. Non-competition covenants	FA: 2.2, 8.2, 16.5, 17 MUDA: 5.A., 5.B., 5.C., 5.D., 10.E.	17
x. Dispute resolution	FA: 19 MUDA: 12, 13, 14, 15, 16	17
y. Other	Not Applicable	Not Applicable

ITEM 10. FINANCING

We do not offer direct or indirect financing. We do not guarantee any of your notes, leases, or other obligations.

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

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

Franchise Agreement

Pre-Opening Assistance:

Before you open your Park, we will:

1. Instruct you in our Methods of Operation (Article 9);

2. Evaluate and, if approved, accept your choice of a location (Section 4.1.) though you are responsible for locating your site. The factors we consider regarding your choice of a location for your Park include general location and neighborhood, demographics, zoning, traffic patterns, parking, overall interior and exterior size, physical characteristics of the existing building and lease terms. There is no time limit within which we must accept or reject the suggested site;

3. Review and approve certain provisions of your lease for your Park's location (Section 4.2.); however, we will not help you negotiate your lease;

4. Provide you with general specifications and a general floor plan for your Park (Section 4.3) though you are responsible for conforming the premises to local ordinances and building codes and obtaining any required permits, and constructing, remodeling and decorating the premises. We will furnish guidance to you in developing the location for your Park as we deem appropriate. Note that you must work with your own architect, who must be approved by us, to ensure that the layout of your space conforms with local ordinances and building codes and that your contractors are performing work in conformance with any architectural engineering (or similar) plans. You must further consult with our development team throughout the construction process. We may review your plans, but our review is only for the purpose of ensuring that the space conforms with our System requirements, and we are not responsible for reviewing architectural or engineering plans (or similar plans) before or during construction. In consideration for the foregoing site development activities and guidance, no later than 10 days before the date that you open your Park, you must pay to us a one-time, non-refundable site development fee equal to $5,000 in the form of a lump sum payment via EFT (Section 4.3(c));

5. Provide you with an initial training program (Section 6.1.). We do not provide any assistance to you with respect to the recruitment or hiring of your employees or provide them with training aside from the initial training program; and

6. Provide you with lists of start-up inventory, furniture, fixtures, software, equipment, signs, and supplies (Section 4.6.), which you must purchase from approved or designated suppliers (which include us or our affiliates).

Ongoing Assistance:

During the operation of your business, we may:

1. Provide you with refresher training if required by us (Section 6.2.) or requested by you (Section 6.4), though you are responsible for all other training and the hiring of your employees;

2. Provide you with general guidance on operating issues concerning the Park, our Methods of Operation, marketing programs approvals, etc. (Section 6.3.);

3. Provide you with Internet and telephone consultation (Section 6.4.);

4. Provide you with wholesaling services where we may ourselves act as an approved or designated source for products, merchandise, accessories, fixtures, furnishings, equipment, signs, etc. (Section 6.4.);

5. Provide you with ongoing marketing programs (excluding collateral) (Section 6.4.);

6. Provide you, at your cost and expense, with mandatory and optional meetings, seminars, and conferences where we may meet with you and other franchisees for business or social purposes (Section 6.4.);

7. Provide you with research and development regarding our Methods of Operation (Section 6.4.);

8. Conduct quality control programs, which may include mystery shopping services, or inspections of your Park (Sections 9.10. and 12.1.); and

9. Provide you with access to the Master Insurance Program for so long as it is available to our franchisees (Section 9.9.).

Multi-Unit Development Agreement

The Multi-Unit Development Agreement grants you the right to acquire franchises to develop multiple Parks; however, you will sign a separate Franchise Agreement to develop and operate each Park. Therefore, we have no ongoing obligations such as training or operational assistance to you under the Multi-Unit Development Agreement. All ongoing and future obligations to you in opening your Parks shall be provided in any Franchise Agreement between you and us.

Franchise Site Selection

You will find and submit to us the proposed site for your Park location. We will provide you with our standard site selection criteria or an on-site evaluation of your proposed sites, as we deem appropriate. You must verify to us that your site complies with our site selection criteria. If we do not accept a site you propose, you may propose another site. We do not select or endorse your site.

Before you lease or purchase any site for a Park location, you must submit to us certain information related to the site. We will review the site information and determine whether we approve or object to the site you propose. Factors we deem appropriate include the general location and neighborhood, demographic information, traffic patterns, access, visibility, location of other competing facilities, size, configuration, appearance, and other physical characteristics of the site.

Opening

We estimate the time from the date you sign the Franchise Agreement to the date you open your Park to be between 12 and 18 months. However, this time estimate may vary depending on numerous factors including entitlements and permits, construction schedules and financing. You must sign a lease for a location we approve within nine months of your signing the Franchise Agreement. If you and we do not reasonably agree on a suitable location for your Park and you do not have a signed lease or purchase a location within nine months of your signing the Franchise Agreement, we may terminate the Franchise Agreement, unless we have agreed with you to extend the amount of time for you to open the Park. Your Park must be open and operating within 18 months after you sign the Franchise Agreement or we may terminate the Franchise Agreement and retain your Initial Franchise Fee.

You may open a Park under a MUDA only by signing a Franchise Agreement for that Park. You will sign a Franchise Agreement for the first Park at the same time you sign the MUDA.

Operations Manual

During the term of the Franchise Agreement, we will allow you to access or borrow our then-current Operations Manual (the "**Operations Manual**" or "**Manual**"). In our discretion, we may provide you the Manual in paper or electronic form. The Manual contains mandatory and suggested specifications, standards, operating procedures, mandatory and approved vendors, and rules that we prescribe from time to time for the operation of a Park and information relating to your other obligations under the Franchise Agreement and related agreements. We may modify the Manual from time to time to reflect changes in the law, the marketplace, or our Methods of Operation. The Manual and our Methods of Operations constitute

confidential trade secrets and will remain our property at all times. If there is a dispute over the Manual's contents, our most recently updated master copy of the Manual shall control. The Manual's contents are confidential and you cannot disclose the Manual to any person other than any employee of yours who needs to know its contents and who is subject to restrictions on confidentiality that would prevent the employee from disclosing the contents of the Manual to unauthorized individuals. You may not at any time copy, duplicate, record, or otherwise reproduce any part of the Manual. You must keep the Manual current and in a secure location at your Park and keep all password-protected electronic information secure. By signing the Franchise Agreement, you will agree that these requirements are reasonable and necessary to preserve the identity, reputation, value and goodwill of the System (Franchise Agreement – Section 6.5).

A table of contents of the Manual, including allocation of pages to each subject, is included as Exhibit D to this Disclosure Document. Currently, there are 145 pages in the Manual.

Pricing

Subject to applicable laws, we may periodically set a maximum or minimum price that you may advertise for products and services offered by your Park (as set forth in the Operations Manual or otherwise in writing from time to time). If we impose a maximum advertised price for any product or service, you may not advertise a higher price for the product or service than the maximum advertised price we impose. If we impose a minimum advertised price for any product or service, you may not advertise a lower price for such product or service than the minimum advertised price we impose. Further, you must comply with any advertising policy we adopt which may prohibit you from advertising any price for a product or service that is different than our suggested retail price.

Advertising

National Advertising Fund

We have established a National Advertising Fund (the "**NAF**") to which you must contribute monthly Ad Fees in an amount equal to 3% of the Gross Sales of your Park. The NAF may be used for the creation and development of marketing, advertising and related programs and materials, including electronic, print and Internet media as well as the planning and purchasing of network advertising. We have the right to determine the type of advertising and the media in which it will appear. We have the sole right to formulate and make policy decisions concerning every aspect of the advertising and franchise expansion program, consistent with applicable law. (Franchise Agreement – Article 10).

We reserve the right to increase or decrease the Ad Fee upon at least 30 days' notice to you, up to a maximum of 4%. Ad Fees will be used for the payment of all costs associated with the creation, production, distribution, media placement and administration of advertising programs (wherever located) and for any taxes incurred on the NAF. In addition, the NAF can be used to pay administrative expenses, including, without limitation, reasonable salaries, administrative costs, travel expenses, and overhead incurred by us or our Affiliates in connection with administering the NAF.

The NAF may not benefit you proportionately to the Ad Fees you paid; advertising may benefit some geographic areas more than others; and we are not obligated to spend any amount on advertising in your area or other territories. We do not have to spend the Ad Fees during any specific time period. Advertising may be handled by an outside advertising agency which we select or by our employees.

We will not use the NAF for the sale or attempted sale of new franchises.

We are under no obligation to continue selling or offering franchises. We have the sole right to formulate and make policy decisions concerning every aspect of the advertising and franchise expansion program, consistent with applicable law. Unaudited financial statements of the NAF will be made available to franchisees annually upon written request. If we do not use all of the funds in a particular fiscal year, the remaining funds will be carried over to the next fiscal year and be included in that year's advertising budget. Our affiliate-owned Parks will make contributions to the NAF, but may not contribute on the same basis as you and our other franchisees.

We have not offered franchises for Parks before the issuance date of this Disclosure Document, so we have not previously collected or spent any NAF contributions.

Advisory Council

We do not currently have a franchise advisory council, but we reserve the right to establish one.

Grand Opening Marketing Expense

In addition to the other advertising expenditures you must make, you must conduct a grand opening advertising and sales promotion program for your Park and you must spend a minimum of $35,000 for this program (the "**Grand Opening Marketing Expense**"). You must spend the Grand Opening Marketing Expense before your Park opens for business. You must also provide to us proof of your grand opening advertising and sales promotion expenditures in the form, and including the details and copies of the advertising and materials and receipts, as we request. (Franchise Agreement – Section 4.9).

Your Own Advertising

You must spend certain amounts toward advertising and promoting your Park in addition to the Grand Opening Marketing Expense described above and the required Ad Fees. You must spend a minimum of $12,000 on local advertising and promotional activities during the first month following the opening of your Park. After your first month, you must spend a minimum of 4% of your Park's Gross Sales per month on local advertising (the "**Local Advertising Funding Requirement**") (Franchise Agreement – Section 10.2).

We currently have a third-party mandatory marketing platform for all approved marketing resources. At our request, you must submit documentation to verify your compliance with your Local Advertising Funding Requirement. If you wish to use any advertising and promotional materials which were not prepared or previously approved by us during the preceding 12 months, you must submit samples of your proposed materials to us for our approval at least 30 days prior to their intended use. If we do not provide our written approval within 15 days from the date we receive your proposed materials, the materials are considered rejected. You may not advertise or use the Marks in advertising or other form of promotion without the appropriate copyright, trademark, and service mark registration symbols for those Marks which are registered, nor may you use them in a manner which would misuse or dilute the Marks or damage the goodwill associated with the Marks. All advertising and promotional materials you use must be completely factual, comply with all applicable laws and conform to the highest ethical standards and the advertising and marketing policies that we periodically specify. We reserve the right to require you to include certain language in your local advertising materials, such as "Franchises Available" and our Website address and telephone number.

We or our Affiliates have the right to establish and operate websites, social media accounts (such as Facebook®, X/Twitter®, Bluesky®, LinkedIn®, Yelp®, Instagram®, Pinterest®, YouTube®, TikTok® etc.), applications, keyword or adword purchasing programs, accounts with websites featuring gift certificates or

discounted coupons (such as Groupon®, Living Social®, etc.), mobile applications, or other means of digital advertising on the Internet or any electronic communications network (collectively, **"Digital Marketing"**) that are intended to promote the Marks, your Park, and the System. We will have the sole right to control all aspects of any Digital Marketing, including those related to your Park. Unless we consent otherwise in writing, you and your employees may not, directly or indirectly, conduct or be involved in any Digital Marketing that use the Marks or that relate to the Park or the System. You may not separately register any domain name, create any username, or operate any web site containing any of the Marks without our written approval. If we do permit you or your employees to conduct any Digital Marketing, you or your employees must comply with any policies, standards, guidelines, content requirements, or vendor requirements that we establish periodically and must immediately modify or delete any Digital Marketing that we determine, in our sole discretion, is not compliant with such policies, standards, guidelines, or requirements. We may withdraw our approval for any Digital Marketing at any time. (Franchise Agreement – Section 10.5).

Advertising Cooperatives

There are currently no advertising cooperatives.

We have the right to establish or approve local and/or regional advertising cooperatives for Parks, covering such geographical areas as we may designate from time to time (each a "**Cooperative**"). Each Cooperative will be organized and governed in a form and manner, and begin operating on a date, we determine in advance. You must participate in any such Cooperative and its programs and abide by its by-laws. If your Park is within the geographic area of an existing Cooperative at the time your Park opens for business, you must immediately become a member of the Cooperative as will all Parks, franchised or company-owned, which are located in such geographic area. If a Cooperative applicable to your Park is established during the term of your Franchise Agreement, you must become a member no later than 30 days after the date approved by us for the Cooperative to commence operation. The amounts you contribute to a Cooperative will count toward your Local Advertising Funding Requirement, excluding any fees for special promotions (as further described in Item 6 of this Disclosure Document).

Computer System

You must use in the development and operation of the Park the management system and computer hardware and software and related technology designated by us, including without limitation, features such as redundant, high-speed broadband connectivity, high-speed broadband monitoring, methods and means of encryption and access to our network resources, and other internet-based technology and peripheral devices that we may periodically specify from time to time (the "**Technology System**," which includes all the components described in this Computer System section).

Our required Technology System currently includes a web-hosted point-of-sale platform application (sometimes referred to as the "**POS System**").

You must use the Technology System, and the POS System in particular, to: (i) enter and track purchase orders and receipts, attendance, and customer information, (ii) update inventory, (iii) enter and manage customers' contact information, (iv) create membership contracts; (v) generate sales reports and analysis relating to the Park, (vi) manage waivers, and (vii) provide other services relating to the operation of the Park. If we require you to use any proprietary software or to purchase any software from a designated vendor, you must execute and pay any fees associated with any software license agreements or any related software maintenance agreements that we or the licensor of the software require.

The standard hardware and software you must purchase (as described in Item 7 of this Disclosure Document) includes on-site installation, training, technical support for the first year and a one-year warranty

on the hardware (unless otherwise specified by its manufacturer). The hardware components in this package and the initial costs associated with the required software are estimated to range from $100,000 to $129,485 but may vary based on the size of your Park. The hardware currently includes networking equipment; two back-office computers; four to six POS terminals, Party-Check-in & Café Stations; receipt printer; cash drawers; credit card terminals; and barcode scanner. All of the components described in this paragraph are required purchases.

Neither we nor any of our affiliates will provide you with any ongoing maintenance, repairs, upgrades or updates for the Technology System. You may be required to purchase maintenance from manufacturers, software providers, and other third-parties responsible for individual hardware and software components of the Technology System to ensure that your Technology System remains in good working order.

You must also purchase and install a surveillance camera system for your building security, unless applicable law does not permit you to install a surveillance camera system. The estimated cost for the surveillance camera system and its installation is between $25,000 and $30,000, which is included within the range above for the initial package of computer hardware and software you must purchase. Your surveillance system must be in good working order at all times and must cover all angles of your trampoline courts and the Park (inside and out). Additionally, the surveillance camera system must contain 365 days of storage capacity. All recorded injuries must be downloaded and retained separately, and a copy of the video must be provided to us on our request. You must additionally record and retain all video recordings from your security camera system for at least one year. You must ensure that your surveillance camera system is always operational and that we have independent access to your surveillance camera system and video recordings at all times.

We estimate that your ongoing monthly costs to third-parties in connection with the Technology System will be approximately $2,400 per month.

We may add, remove, or modify components of the Technology System periodically and we may designate approved suppliers or specifications for such items. As of the date of this Disclosure Document, you are required to use the following services and systems from Approved Vendors as part of the Technology System: (i) the POS System; (ii) digital A/V content; (iii) streaming music; (iv) phones; and (v) communication tools, including branded e-mail accounts and business reporting systems.

You must replace, upgrade, or update the Technology System at your expense as we may require periodically without limitation. You may be required to invest in and implement new technology initiatives at your own expense, which may include implementing new payment methods, monitors, music, Internet TV broadcasts, software management applications, surveillance systems, e-learning modules, and software applications designed to better manage business functions and control costs. We will establish reasonable deadlines for implementation of any changes to our Technology System requirements. There is no limitation in the Franchise Agreement on either our right to require you to obtain updates or upgrades or the cost of any updates or upgrades.

You may be required to pay us a monthly Technology Fee (as further described in Item 6 of this Disclosure Document) beginning two months prior to the opening of your Park. Notwithstanding any collection of the Technology Fee by us, you may be required to purchase additional hardware, software, or other components of the Technology System from required vendors.

We additionally reserve the right to require you to present music, movies, television and other media at the Park. You may be required to pay your pro-rata share of music, movie, and other media licensing fees to show or otherwise present media at your Park. If we have not identified any approved vendors for media content and the display of such media content is not otherwise prohibited by our Methods of Operation,

you are solely responsible for ensuring that you have paid all necessary licensing fees to show or otherwise present such media content at your Park.

The types of business information which will be collected by the Technology System will include customer information, sales reports, scheduling of events and programs, and labor functions on a daily, weekly and monthly basis. In addition, the Technology System can provide customized reports if we request this information. We will have the right to have independent access to all information or data in the Technology System (and the POS System in particular) and the surveillance camera system, and there are no limitations on our rights to do so. We will also have the right to use and publish the information we collect from your Technology System, including for purposes of disclosure in our Franchise Disclosure Document. We are not obligated to provide or to assist you in obtaining the above item or services.

Training

Initial Training Program. The designated training for franchisees is mandatory and must be completed to our satisfaction after you have signed the Franchise Agreement and before you are approved by us to open your Park. You are also required to participate in all other activities required by us to operate the Park. If you currently operate a Cloudbound Park and have previously completed the initial training program, you may not be required to attend the initial training program depending on various factors, including but not limited to how long it has been since you completed the initial training program, your compliance with our Methods of Operations in operating your existing Park(s), and the extent of changes to the initial training program since you last completed such program. We may require that certain of your employees, including any new general manager, complete the initial training program.

We will provide an initial training program for the operation of the Park to you (or if you are an entity, your "**Responsible Person**" as further described in Item 15 of this Disclosure Document) and the management team that you have hired in anticipation of your Park's opening (collectively, "**Management Team**").

You must hire, train and maintain a sufficient number of managers so that all shifts are supervised by at least one manager, assistant manager, or team lead during all Park operating hours.

We expect to provide the initial training program at one of our Cloudbound Parks or other locations we designate and we estimate that the initial training program will last between five and 21 days. We do not charge you for the initial training program, but you must pay for the wages, travel, and living expenses incurred by you and your employees in attending such program. Your Management Team will complete the initial training program while your Park is being developed.

In the event you are purchasing an existing and operating Park, your Responsible Person and Management Team must attend such training before the purchase is complete and the Park changes possession. As further described in Item 6 of this Disclosure Document, if the purchase is not completed and you attended any portion of the initial training program, we may retain half of the transfer fee. Training is expected to be provided on a regular basis and a training schedule is expected to be provided on our intranet. Additional training requirements may be added to the schedule on an as-needed basis.

If your Management Team and/or Responsible Person fail to complete the initial training program to our satisfaction, we may elect to postpone the opening of the Park or terminate the Franchise Agreement and retain the entire Initial Franchise Fee.

The following is a summary of our initial training program:

TRAINING PROGRAM

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS OF ON-THE-JOB TRAINING	LOCATION
Cloudbound™ Mission & Core Values	1.0	0.5	eLearning (including self-directed coursework & virtually-facilitated discussions), a Cloudbound Park or another location we designate
Monitors & Maintenance	1.5	4.0	eLearning (including self-directed coursework & virtually-facilitated discussions), a Cloudbound Park or another location we designate
Programs	3.0	1.0	eLearning (including self-directed coursework & virtually-facilitated discussions), a Cloudbound Park or another location we designate
Sales & Retail	2.0	3.0	eLearning (including self-directed coursework & virtually-facilitated discussions), a Cloudbound Park or another location we designate
Events & Experience	1.5	4.0	eLearning (including self-directed coursework & virtually-facilitated discussions), a Cloudbound Park or another location we designate
Café	1.0	3.0	eLearning (including self-directed coursework & virtually-facilitated discussions), a Cloudbound Park or another location we designate
Management Routines & Responsibilities	4.0	8.0	eLearning (including self-directed coursework & virtually-facilitated discussions), a Cloudbound Park or another location we designate
Safety & Risk Management	0.5	2.0	eLearning (including self-directed coursework & virtually-facilitated discussions), a Cloudbound Park or another location we designate
Guest Service & Recovery (H.E.A.R.T.)	2.0	1.0	eLearning (including self-directed coursework & virtually-facilitated discussions), a Cloudbound Park or another location we designate
TOTAL	**16.5**	**26.5**	

The hours presented above are merely estimates, which may be changed at any time in our discretion. Further, some subjects may be combined. The hours listed for On-the-Job Training will typically include more than one subject matter.

Our training programs are conducted and provided by our training team under the supervision of Joshua Rathweg, who has been the President of the Cloudbound brand since September 2025. Mr. Rathweg has over eight years of experience with our affiliate and in operating family entertainment establishments. Additional employees may assist Mr. Rathweg with the development and administration of the initial training program and on-site training and support for new Parks.

On-Site Assistance. We will, at our expense, also provide on-site, opening assistance, consisting of at least one person (which may be an employee of ours or a designee), for a minimum period of five days at your Park's location when it opens. If additional training is required on-site, we will have the right to charge a reasonable fee for such training and our employees' travel and living expenses.

Additional or Special Training; Refresher Programs; Annual Conventions. We may elect to charge a reasonable fee and our employees' travel and living expenses for any other training provided after the opening of the Park or if you request (or if we require) additional or special training for your employees.

If you hire a new manager, this manager must satisfactorily complete the training program before managing your Park. As above, we may charge a reasonable fee for such training and our employees' travel and living expenses.

We may also provide refresher programs, which may include electronic training courses, trade shows, ongoing education or certification programs, franchisor-sponsored performance groups, and/or webinars, including courses and programs provided by third parties we designate. You may be required to pay fees for refresher programs to third-parties or pay our then-current fee for such courses to us. These programs are not mandatory at this time but may be in the future. The location, duration, content, and pricing of these programs have not been determined yet.

You, or at least one representative identified by you, will additionally be required to attend annual conventions we periodically conduct at locations to be determined by us in our sole discretion throughout the term of your Franchise Agreement. You must pay all convention fees established by us for each person attending the convention, and you will also be responsible for all expenses, including travel and living expenses incurred by the persons attending the convention on your behalf. As described in Item 6 of this Disclosure Document, annual convention fees will not be more than our costs plus twenty percent (20%). You must pay all convention fees established by us, whether you attend the convention or not. If you have not paid the convention fees owed to us at least 15 days before the convention begins, the convention fees will be automatically debited from your designated bank account. Convention fees are nonrefundable.

ITEM 12. TERRITORY

Franchise Agreement

The Franchise Agreement grants to you the right to own and operate a single Park at a specific location. You must select the site for your Park from within the "Protected Territory" identified in Appendix E to your Franchise Agreement. The Protected Territory will be agreed upon by you and us before your execution of the Franchise Agreement and will be based on zip codes or metes and bounds or other territory delineations we may utilize. Typically, but not in all cases, each Protected Territory granted under a Franchise Agreement will encompass a population of at least 150,000 people. We use third party analytics tools for purposes of determining population density. If you are signing a Franchise Agreement in

connection with a Multi-Unit Development Agreement, our then-current criteria will apply when determining the Protected Territory under that particular Franchise Agreement.

If you have not designated the premises for your Park at the time you sign your Franchise Agreement, we reserve the right to modify the Protected Territory once such premises have been designated by you and accepted by us. Further, we may modify the Protected Territory upon: (i) any transfer, redemption or issuance of a legal or beneficial ownership interest in the capital stock of, or a partnership interest in, you or of any interest convertible to or exchangeable for capital stock of, or a partnership interest in, you; (ii) any merger or consolidation between you and another entity, whether or not you are the surviving entity; (iii) any transfer in, or as a result of, a divorce, insolvency, corporate or partnership dissolution proceeding or otherwise by operation of law; (iv) any transfer upon your death or the death of any of your owners by will, declaration or transfer in trust or under applicable laws of intestate succession; or (v) any foreclosure upon your Park or the transfer, surrender or loss by you of possession, control or management of your Park. Otherwise, maintaining your Protected Territory does not depend on achieving a certain sales volume, market penetration, or any other contingencies or circumstances.

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

However, if you remain in compliance with the Franchise Agreement and all other agreements entered into with us (or any of our affiliates) and except as described below, we will not own and operate, or license a third party to own and operate, a Park within the Protected Territory while the Franchise Agreement is in effect.

You may not conduct the business of your Park at any site other than the premises or relocate your Park without our prior written consent. If you want to relocate your Park, we will evaluate your suggested new location in the same way as we evaluate requests for new locations. If you want to open another Park, you will have to apply to us to enter into an additional Franchise Agreement with us and if you want to acquire rights to develop several new Parks in a designated Development Area (as defined below), you will have to apply to us to enter into a Multi-Unit Development Agreement.

Multi-Unit Development Agreement

The Multi-Unit Development Agreement grants you the right to acquire franchises to develop, own and operate Parks within the designated "Development Area" that will be described in Appendix A attached to your Multi-Unit Development Agreement. The Development Area is separate and distinct from the Protected Territories for your Parks which will be set forth in their corresponding Franchise Agreements.

The Development Area will be agreed upon by you and us before your execution of the Multi-Unit Development Agreement and will be based on zip codes or metes and bounds or other territory delineations we may utilize. Typically, but not in all cases, the Development Area may be comprised and represented by multiple maps featuring an estimated population density of at least 150,000 people in each map. As above, we use third party analytics tools for purposes of determining population density. Maintaining the Development Area's exclusivity does not depend on achieving a certain sales volume, market penetration, or other contingency or circumstances, but your failure to comply with your Development Schedule will be a material breach of the Multi-Unit Development Agreement, which may result in us terminating the Multi-Unit Development Agreement or granting similar development or franchise rights to others within the Development Area. Alternatively, we have the right to refrain from exercising our termination rights in favor of granting you a written extension to the Development Schedule. Such an extension may, in our business judgment, be conditioned on any or all of the following: (a) reducing the size of the Development

Area; (b) modifying your Development Schedule (in terms of timing and/or number of Parks to be opened); (c) requiring you to sign our then-current form of general release; and (d) requiring you to sign our then-current form of Multi-Unit Development Agreement, the terms of which may differ substantially from the terms of the original Multi-Unit Development Agreement you signed. Further, if we grant you a written extension, you may be required to pay us an amount equal to half of your original Development Fee as an extension fee.

You will not receive an exclusive territory under the Multi-Unit Development Agreement. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control. However, if you remain in compliance with the Multi-Unit Development Agreement and all other agreements entered into with us (or any of our affiliates) and except as described below, we will not own and operate, or license a third party to own and operate, a Park within the Development Area while the Multi-Unit Development Agreement remains in effect.

The Development Area will not include the Protected Territories for any existing Parks within the Development Area as of the date you sign the Multi-Unit Development Agreement, regardless of whether we define, describe, or otherwise illustrate such territories in maps attached to your Multi-Unit Development Agreement. If a third-party's development area is adjacent to your Development Area, the Protected Territories for the third-party's Parks may extend into your Development Area depending on those Parks' final locations.

As an exception to the above, if multiple maps are attached to your Multi-Unit Development Agreement as your Development Area, once you develop a specified number of Parks within a specific map, we may establish or license others to establish new Parks within such map but not within the Protected Territories specified in the Franchise Agreements for your Parks.

Reservation of Rights

Other than your rights as described above with respect to your Protected Territory or Development Area, we (and our affiliates) retain all rights with respect to the Marks, the System, and Parks anywhere in the world, and retain the right to engage in any business whatsoever and any other right not expressly granted to you in the Franchise Agreement or Multi-Unit Development Agreement, without compensation to you, including the rights to:

1. Own and operate, and grant to others the right to own and operate, Competitive Businesses (as defined in Item 17 of this Disclosure Document) or other businesses offering similar or identical products and services and using the System or elements of the System: (a) under the Marks anywhere outside of your Development Area or Protected Territory(ies), or (b) under names, symbols, or marks other than the Marks anywhere, including inside and outside of the Development Area and Protected Territory(ies) of your Park(s);

2. Offer to sell, or sell and distribute, any products or services under any trade names, trademarks, service marks or trade dress, including the Marks, anywhere through any distribution including the Internet, retail stores, gift cards, distribution or fulfillment centers, or any other existing or future form of electronic commerce) regardless of the nature or location of the customers with whom such other businesses and distribution channels do business, even if such businesses sell products or services that are identical or similar to, and/or competitive with those that Parks customarily sell;

3. Acquire the assets or ownership interests of, merge, affiliate with or engage in any transaction with other businesses (including Competitive Businesses), with units located

anywhere or business conducted anywhere, even if such businesses are located in the Development Area or within the Protected Territory(ies) of your Park(s), and: (a) rebrand the other businesses to operate under the Sky Zone name, Marks, and System; (b) franchise, license, or create similar arrangements with respect to the other businesses and/or permit the other businesses to continue to operate under another name; and (c) permit the businesses to operate under another name and convert existing Parks (including yours) to such other name;

4. Be acquired or become controlled (regardless of the form of transaction) by a business providing products or services similar to those provided at Parks, or by any other business, even if such business operates, franchises, and/or licenses Competitive Businesses; and

5. Operate, or grant any third party the right to operate, any Parks that we or our designees acquire as a result of the exercise of a right of first refusal or purchase right that we have under any agreements.

Neither the Franchise Agreement or the Multi-Unit Development Agreement provide you with any options, rights of first refusal or similar rights to acquire additional franchises.

You may not use the Internet, catalog sales or other direct marketing for the sale of Sky Zone branded merchandise or any products or services other than for the sale of jump times and parties. In addition, you may not use, reference, or promote the Sky Zone Marks or System in connection with any current or future form of social media networks or platforms, including, without limitation, Facebook®, X/Twitter®, Bluesky®, LinkedIn® Yelp®, Instagram®, Pinterest®, YouTube®, TikTok®, etc. without our prior approval and only in conformance with our Methods of Operation.

Sky Zone, Rockin' Jump, and Defy Parks

As described in Item 1 of this Disclosure Document, our affiliate SZFG offers Sky Zone franchises for indoor trampoline parks and entertainment facilities. Our affiliate RJF no longer offers Rockin' Jump franchises for indoor trampoline parks and entertainment facilities, and our affiliate HOT no longer offers Defy franchises for indoor trampoline and active entertainment facilities; however, existing Sky Zone, Rockin' Jump, and Defy parks may exist within your Protected Territory or Development Area, if applicable.

For brands other than Cloudbound, we and our affiliates may open company-owned and operated facilities anywhere, including in your Protected Territory and/or Development Area (as applicable), and we may solicit or accept orders within your Protected Territory. The corporate address of SZFG, RJF, and HOT is 86 N. University Avenue, Suite 350, Provo, Utah 84601.

Conflicts

There is no formal arrangement in place for resolving conflicts between our franchisees and SZFG's, RJF's, or HOT's franchisees regarding territories, customers, and franchisor support nor for resolving conflicts between Parks that franchisees operate and those Parks which are owned and operated by us or our affiliates. If conflicts arise, we will resolve them as we deem appropriate.

ITEM 13. TRADEMARKS

We will grant you the right to operate your Park under the name of "Cloudbound". You may also use our other current or future Marks to operate your Park if we permit you to do so.

Our parent, CircusTrix Holdings, LLC (or "**CTH**," as previously defined in Item 1), has filed applications, on an intent-to-use basis, to register the following trademarks on the Principal Register of the United States Patent and Trademark Office ("**USPTO**"):

Mark	Application Date	Serial Number	Registration Date	Registration No.
CLOUDBOUND	2/13/2025	99/040,222	Pending	Pending
	4/24/2025	99/153,507	Pending	Pending

Neither we nor CTH have a federal registration for the principal trademark. Therefore, our trademark does not have as many legal benefits and rights as a federally registered trademark. If our or CTH's right to use the trademark is challenged, you may have to change to an alternative trademark, which may increase your expenses.

Neither we nor CTH have any state registrations, nor have we or CTH filed for any state registration for the above Marks or any other marks. CTH intends to make all applicable filings to retain its rights in the Marks. Neither we nor CTH know of any infringing uses or superior prior rights that could materially affect your right to use the Marks.

Our parent CBH has entered into a license agreement effective May 1, 2025 (the "**License Agreement**"), with CTH for a 15-year term; however, the License Agreement will automatically terminate if CTH assigns the Marks to CBH, after which CBH will enter into a new license agreement with us. The License Agreement grants us the right to use, promote and license the Marks in connection with the grant of franchises to franchisees. There are no other agreements currently in effect which significantly limit our right to use or license the use of the Marks in any manner material to the franchise.

You must follow our rules and our quality control standards when you use the Marks. You cannot use the Marks, or any name that is confusingly similar with any Marks: (i) as part of any corporate or legal business name; (ii) as part of an Internet domain name or Internet email address, other than the email address we provide you; (iii) with any prefix, suffix, or other modifying words, terms, designs or symbols (except for those which we license to you; (iv) in any modified form; (v) in connection with the performance or sale of any unauthorized services or products; (vi) in any advertising concerning the transfer, sale or other disposition of your Park or an ownership interest in you; or (vii) in any other manner we have not expressly authorized in writing. You must also operate your franchise in a high-quality manner and adhere to all applicable laws and regulations. You will not register or attempt to register any of the Marks (or any marks or names confusingly similar to the Marks). You will only be permitted to use the Marks during the term of your Franchise Agreement.

You must notify us immediately of any known, actual, suspected, threatened, or apparent infringement or challenge to your use of any Marks, or any claim by any person of any rights in any Marks. We have the right to take such action as we deem appropriate and the right to control exclusively any litigation, USPTO proceeding or any other administrative proceeding arising out of any such infringement, challenge or claim or otherwise relating to any Marks. You must sign all instruments and documents, provide any assistance, and take any action that may be necessary or advisable to protect and maintain our interest in any litigation or other proceeding or otherwise to protect and maintain our interest in the Marks.

We agree to reimburse you for all damages and expenses that you incur in responding to any trademark infringement proceeding disputing your authorized use of any Marks under your Franchise Agreement if you have timely notified us of the proceeding, complied with our directions in responding to the proceeding, and have used the Marks in accordance with the terms of your Franchise Agreement and our Methods of Operation; provided, however, we will not pay any of your attorneys' costs or fees if you hire your own attorney. At our option, we may defend and control the defense of any proceeding arising from your use of any Mark under your Franchise Agreement and our Methods of Operation.

You agree that, neither during nor after the term of your Franchise Agreement, will you challenge any of our Marks or any applications or registrations relating thereto.

We may at any time require you to modify or discontinue using any Mark and/or use one or more additional or substitute Marks. You agree to replace the Marks at your Park with the modified, additional, or substitute Marks we specify and comply with all other directions we give regarding the Marks at your Business within a reasonable time after receiving notice from us. We are not required to reimburse you for any costs or expenses associated with making such changes, for any loss of revenue due to any modified or discontinued Mark, or for your expenses of promoting any modified or substitute Mark.

ITEM 14. PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

Our Patents and Copyrights

There are no patents or copyrights currently registered or pending owned by us or our affiliates that are material to the System.

There is no presently effective determination of the U.S. Copyright Office (Library of Congress), the USPTO, or any court affecting our copyrights. We are not obligated by the Franchise Agreement, or otherwise, to protect any rights you have to use the copyrights or to defend you against claims arising from your use of the copyrights. We have no actual knowledge of any infringements that could materially affect the ownership, use or licensing of the copyrights.

We do claim copyright protection and proprietary rights in the original materials used in the operation of Parks, including the Operations Manual, bulletins, correspondence and communications with our franchisees, training, advertising and promotional materials, and other written materials relating to the operation of Parks and the System (the "**Copyrighted Materials**"). We treat some of this information as trade secrets and you must treat any of this information we communicate to you as Confidential Information (as defined below). You may not use any of our Copyrighted Materials without our prior written permission. This includes the display of the Copyrighted Materials in connection with any digital advertising or social media content.

Confidential Information

You will have access to proprietary and confidential information relating to the development and operation of Parks (the "**Confidential Information**").

During the term of your Franchise Agreement and thereafter, you and your owners will not acquire any interest in Confidential Information, other than the right to utilize Confidential Information disclosed to you in operating the Park during the term of your Franchise Agreement. The Confidential Information is proprietary to us and our Affiliates and includes our trade secrets. You and your owners: (1) may not use the Confidential Information in any other business or capacity, which would constitute an unfair method of competition; (2) must exert your best efforts to maintain the confidentiality of the Confidential Information;

(3) may not make unauthorized copies of any portion of the Confidential Information disclosed in written, electronic or other form; (4) must implement all reasonable procedures we prescribe from time to time to prevent unauthorized use or disclosure of the Confidential Information, including the use of nondisclosure agreements with individuals who will have access to the Confidential Information; and (5) will not sell, trade or otherwise profit in any way from the Confidential Information, except using methods approved by us.

Works Made-For-Hire

The Franchise Agreement also provides that all ideas, concepts, techniques, materials, or processes related to your Park or the System, whether or not protectable intellectual property and whether created by or for you or your owners or employees, must be promptly disclosed to us and will be deemed to be our sole and exclusive property, part of the System, and works made-for-hire for us. If any item does not qualify as a "work made-for-hire" for us, you must assign ownership of that item and all related rights to that item, to us and must take whatever action (including signing and causing your owners, employees and contractors to sign assignments or other documents) we request to show our ownership or help us obtain intellectual property rights in the item.

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

You (or your Responsible Person) agree to personally manage and operate your Park and will not, without our prior written consent, delegate your (or your Responsible Person's) authority and responsibility with respect to management and operation. You agree that you (or your Responsible Person) will always faithfully, honestly, and diligently perform the obligations hereunder and continuously exert best efforts to promote and enhance the Park. Each of your Owners must jointly and severally be bound by the terms of the Franchise Agreement and personally guarantee your (or your Responsible Person's) performance.

If you are, or at any time become, a business corporation, partnership, limited liability company or other legal entity, you must designate a "**Responsible Person**" in Appendix A to either the Franchise Agreement or MUDA (as applicable) who is an individual approved by us who: (a) has the authority to bind you regarding all operational decisions with respect to your Park; and (b) has completed our training program to our satisfaction.

You (or your Responsible Person): (a) must exert best efforts to the development and operation of your Park and all other Parks you own; and (b) absent our prior approval, may not engage in any other business or activity, directly or indirectly, that requires substantial management responsibility or time commitments or which may otherwise conflict with your obligations under the Franchise Agreement or MUDA.

Your Park must be managed by you (or your Responsible Person) or by an on-site general manager or assistant manager or an hourly team lead who has completed all appropriate training programs to our satisfaction. Your Responsible Person or manager need not have an equity interest in the franchise.

As more fully described in the Franchise Agreement, you (or your Responsible Person) must implement all reasonable procedures we periodically prescribe to prevent unauthorized use or disclosure of confidential information. These procedures include the use of nondisclosure agreements with your owners, officers, directors, managers, assistant managers, shift supervisors, Responsible Person, and any other individuals who will have access to our Confidential Information. You and your owners must deliver these agreements to us upon our request. Aside from requiring such personnel to sign nondisclosure agreements, we do not currently require you to place any other restrictions on your Responsible Person, managers or shift

supervisors. Upon the expiration or termination of your Franchise Agreement, you must deliver to us all Confidential Information in your possession.

If you or one of your affiliates have entered into a MUDA with us and are entering into a Franchise Agreement pursuant to such MUDA, and you are a business corporation, partnership, limited liability company or other legal entity, you must be at least 51% owned or controlled by a person or group of people that has at least a 51% ownership interest in and voting control of the entity that signed the MUDA, except as we otherwise approve in writing in our business judgment. We have the right to approve in advance your ownership structure.

If you are a partnership, corporation, limited liability company or other legal entity, any person who has a 10% or greater interest in you, or such other persons as we may designate (including owners' spouses), must undertake to be personally bound, jointly and severally, by your obligations under the Franchise Agreement and Multi-Unit Development Agreement (as applicable). Copies of these guarantees are contained in Appendix B of both the Franchise Agreement and the MUDA, which are attached to this Disclosure Document.

ITEM 16. RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

Authorized Products and Services Generally

You may offer only the products and services we have authorized and approved in writing. You must offer all services, products and merchandise that we designate as required for franchisees. You may sell products and services only in the varieties, forms, and packages that we have approved in accordance with our Methods of Operation. There are no limits on our right to make modifications to the approved products and services periodically listed in the Operations Manual, and we may designate specific products and services as optional or mandatory. Any failure to comply with our Methods of Operation or Operations Manual may result in termination of your Franchise Agreement. You may use only marketing and promotional materials that we have approved. You are not limited in the type of customers to whom you may sell approved products or services, but we reserve the right to implement Methods of Operation regarding the solicitation of customers in the future.

Memberships

You must offer and sell rights of access to your Park, referred to individually as a "Membership" or collectively as "Memberships." You will only offer Memberships for sale in strict compliance with our Methods of Operation. All Memberships must be evidenced by a Membership Agreement and may not be for a term that extends beyond the expiration of your Franchise Agreement. We may provide you a form of Membership Agreement, and if we do so, you will use the form of Membership Agreement that we provide to you, and you must make modifications to the form to ensure it complies with all applicable laws for your Park, subject to our final written approval. We own all information relating to customers and members of your Park. We may contact any member(s) associated with your Park at any time.

ITEM 17. RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION (THE FRANCHISE RELATIONSHIP)

This table lists important provisions of the Franchise Agreement. You should read these provisions in the Franchise Agreement attached to this Disclosure Document.

Provision	Section in Franchise Agreement	Summary
a. Length of the franchise term	3.1	10 years.
b. Renewal or extension of the term	14.1, 14.2	A successor franchise may be granted for a period of 10 years if you meet our conditions.
c. Requirements for franchisee to renew or extend	14.1	Deficiencies are corrected within a reasonable cure period we specify; you have substantially complied with the Franchise Agreement; you are in compliance with the Franchise Agreement upon providing notice to renew and on the renewal date; you remodel or relocate the Park; you provide us not less than six months nor more than 12 months' notice prior to expiration; you pay successor initial franchise fee; and may be required to sign a Franchise Agreement with materially different terms and conditions than your original Franchise Agreement alongside guarantees and general releases.
d. Termination by franchisee	15.1	Subject to state law, you may terminate the agreement upon 30 days' written notice after we materially fail to comply with the Franchise Agreement after a 60 day cure period following our receipt of written notice.
e. Termination by franchisor without cause	Not Applicable	
f. Termination by franchisor with cause	15.2	We can terminate only if you commit one of several violations.
g. "Cause" defined – curable defaults	15.2	Suit to foreclose any lien or mortgage not dismissed within 30 days; refusal or failure to comply with safety, cleanliness, or sanitation standard not corrected within 24 hours; failure to pay us or affiliates or suppliers within 30 days of due date or 10 days of written notice, whichever is shorter; two written notices of non-payment within preceding 24 months; failure to provide access to Technology System within 10 days of written notice;

Provision	Section in Franchise Agreement	Summary
		failure to comply with any other provision of Franchise Agreement within 30 days of notice of failure to comply.
h. "Cause" defined – non-curable defaults	15.2	We can terminate upon delivery of notice of termination for insolvency, if you are adjudicated bankrupt, if you file a petition for bankruptcy, have a receiver appointed, if you make a general assignment for the benefit of your creditors; abandonment or failure to operate the Park for three consecutive business days; unauthorized transfer; material misrepresentation in connection with purchase of franchise; termination of right to occupy premises; conviction of a felony or crime involving consumer fraud or moral turpitude; unauthorized disclosure of Confidential Information; underreporting of Gross Sales; repeated non-compliance with Franchise Agreement; failure to pay taxes; failure to appoint a manager within 15 days following death or disability or manager's failure to complete training within 60 days following appointment; failure to conduct business with regard to public conventions and morals; violation of covenants not to compete; and failure to conduct background checks for employees you hire. We can further terminate the Franchise Agreement if we terminate any other franchise agreement, multi-unit development agreement, or any other agreement between you and us (or your affiliates and our affiliates).
i. Franchisee's obligations on termination/ nonrenewal	16	Pay us what you owe us, including liquidated damages, cease using the Marks and System, and follow our termination procedures, including de-branding your Park, cancelling any assumed name registrations, and ceasing to use and returning (or at our direction, destroying) copies of our Confidential Information.
j. Assignment of contract by franchisor	13.1	Fully transferable by us.
k. "Transfer" by franchisee - defined	1.2	A transfer includes the direct or indirect, voluntary or involuntary, sale, assignment, transfer, grant of a security, or

Provision	Section in Franchise Agreement	Summary
		other disposition of the Franchise Agreement, any form of ownership interest in you or the Park's assets, including any merger or transfer because of a divorce, insolvency, dissolution or otherwise by operation of law, by reason of death or foreclosure.
l. Franchisor's approval of transfer by you	13.2, 13.4	All transfers require our prior approval, except that you may transfer the Franchise Agreement to an entity wholly owned and controlled by you.
m. Conditions for franchisor approval of transfer	13.3	The conditions include the character, aptitude and experience of the transferee; paying all amounts owed and paying to us a $15,000 refundable fee deposit; transferee and others completing initial training and signing our then current form of franchise agreement (including personal guarantees); providing executed copies of any documents to effectuate the transfer; paying a transfer fee in the amount of 50% of the then-current franchise fee (or $2,500 for ownership interest transfers among your existing owners); you (and your Owners) signing a general release, our approval for the material terms and conditions of the transfer; the transferee's obligations under any promissory notes or similar agreements must be subordinate to obligations due to us under the Franchise Agreement; providing evidence of notice to or approval from the landlord in connection with your lease for the premises; correcting any deficiencies of the Park or the transferee's agreement to modernize, renovate, or upgrade the Park in accordance with our requirements; providing evidence of taking appropriate measures to effectuate the transfer (including transferring all necessary business licenses and material agreements); and executing an agreement to remain bound by certain post-termination covenants.
n. Franchisor's right of first refusal to acquire franchisee's business	13.7, 13.8, 13.9	30 day right to exercise for all third-party bona fide offers.

Provision	Section in Franchise Agreement	Summary
o. Franchisor's option to purchase franchisee's business	16.4	60 day option upon termination or expiration of the Franchise Agreement
p. Death or disability of franchisee	13.5	Treated as a transfer
q. Non-competition covenants during the term of the franchise	1.2, 17.1	A "Competitive Business" is any business (other than any franchise operated under a separate franchise agreement entered into with us or our affiliates) operating as, or granting franchises or licenses to others to operate any business operating as, any family recreational center including, but not limited to: (i) a trampoline park; (ii) centers offering inflatable indoor bouncing, rock climbing, or miniature golf; (iii) active entertainment facilities; or (iv) similar family entertainment establishments; this definition is not intended to include any centers specializing in gymnastics, which may contain trampolines. Subject to state law, no direct or indirect involvement in the operation of any Competitive Business, diversion of business or customers to Competitive Businesses, engagement in any other activity which might adversely affect the goodwill of the Marks and System, solicitation, interference, or attempt to interfere with our or our affiliates' relationships with customers, vendors, consultants, or other franchisees.
r. Non-competition covenants after the franchise is terminated or expires	17.2	Subject to state law, no direct or indirect involvement in the operation of any Competitive Business for two years after termination, expiration, or transfer at the Park's premises, within 15 miles of the Park's premises, or within 15 miles of any other Park in operation or under construction at time of termination. You cannot solicit, interfere, or attempt to interfere with our or our affiliates' relationships with customers, vendors, consultants, or other franchisees or engage in any other activity that might adversely affect the goodwill of the Marks and the System.
s. Modification of the agreement	19.23	Requires consent of both parties and must be in writing
t. Integration / merger clause	19.22	Oral statements not binding. Franchise

Provision	Section in Franchise Agreement	Summary
		Agreement is the entire agreement. Only the terms of the franchise agreement are binding (subject to state law). Any representations or promises outside the Disclosure Document and Franchise Agreement may not be enforceable. Notwithstanding the foregoing, nothing in any Franchise Agreement is intended to disclaim the express representations made in this Disclosure Document.
u. Dispute resolution by arbitration or mediation	19.11	Subject to state law, all disputes resolved by informal resolution and arbitration except for actions for declaratory or equitable relief; actions in ejectment or for possession of any interest in real or personal property; actions which cannot be arbitrated under applicable law; and our decisions in the first instance to issue notices of default or termination or undertake other conduct with respect to the franchise relationship.
v. Choice of forum	19.11(b); 19.13	City in which our principal place of business is located (currently, Provo, Utah) (subject to applicable state law).
w. Choice of law	19.12	State in which our principal place of business is located (currently, Utah) (subject to applicable state law).

MULTI-UNIT DEVELOPMENT AGREEMENT

This table lists certain important provisions of the MUDA. You should read these provisions in the MUDA attached to this Disclosure Document.

Provision	Section in Agreement	Summary
a. Length of the term of the franchise	4	The earlier of the execution of the franchise agreement for the last Park required to be developed pursuant to the Development Schedule or the last day of the last development deadline set forth in Appendix A to the MUDA, unless sooner terminated.
b. Renewal or extension of the term	2.E.	You do not have the right to renew or extend the MUDA. If you fail to comply with the Development Schedule, we have the right to refrain from exercising our termination rights in favor of

Provision	Section in Agreement	Summary
		granting you a written extension to the Development Schedule, which will require you to pay us an extension fee.
c. Requirement for franchisee to renew or extend	2.E.	You do not have the right to renew or extend the MUDA. If you fail to comply with the Development Schedule, we have the right to refrain from exercising our termination rights in favor of granting you a written extension to the Development Schedule. Such an extension may, in our business judgment, be conditioned on any or all of the following: reducing the size of the Development Area; a modified Development Schedule (in terms of timing and/or number of Parks to be opened); your execution of our then-current form of general release; and your execution of our then-current form of MUDA, the terms of which may differ substantially from the terms contained herein. If we grant you a written extension, you may be required to pay to us an extension fee equal to half of your Development Fee.
d. Termination by franchisee	Not Applicable.	Not Applicable.
e. Termination by franchisor without cause	10.B.	We may terminate the MUDA without cause if we terminate any other multi-unit development agreement, franchise agreement, or any other agreement between us and you (or your affiliates and our affiliates).
f. Termination by franchisor with cause	10.A.	We can terminate the MUDA if you default or fail to comply with your obligations.
g. "Cause" defined – curable defaults	10.A.	We can terminate upon delivery of notice to you if you fail to furnish reports or any other documentation within 10 days after receiving notice; or if you fail to comply with any other terms of the MUDA and do not cure within 10 days after receiving notice from us.
h. "Cause" defined – non-curable defaults	10.A.	We can terminate upon delivery of notice of termination if you fail to pay the Development Fee; you cease or threaten to cease to carry on the obligations granted to you under the MUDA, or take or threaten to take any action to liquidate

Provision	Section in Agreement	Summary
		your assets, or if you do not pay any debts or other amounts incurred by you in exercising the Development Rights hereunder when such debts or amounts are due and payable; you fail to comply with the Development Schedule (or any development deadline therein); if you are adjudicated bankrupt, if you file a petition for bankruptcy, have a receiver appointed, if you make a general assignment for the benefit of your creditors; material misrepresentation in connection with purchase of franchise; unauthorized transfer; conviction of a felony, crime, or other behavior likely to adversely affect the reputation and goodwill of the Marks and System; or if you fail on three or more occasions within a 12 consecutive month period to comply with the MUDA or two or more occasions within any six consecutive month period to comply with the same obligation under the MUDA.
i. Franchisee obligations on termination/non-renewal	10.C., 10.D., 10.E., 10.F.	All development rights revert to us. Unless concurrently terminated, any franchise agreements entered into between you and us remain in effect. You must cease using all of our Confidential Information, pay any amounts owing to us, and abide by the post-termination covenants not to compete.
j. Assignment of contract by franchisor	6.A.	No restriction on our right to assign.
k. "Transfer" by franchisee – defined	6.B.	Transfer or conveyance of rights under the MUDA or in the ownership of the entity that is a party to the MUDA with us.
l. Franchisor approval of transfer by you	6.B.	The development rights cannot be transferred. For transfers of direct or indirect ownership interests in you which are less than or equal to 49% of your ownership interests, you must obtain our consent.
m. Conditions for franchisor's approval of transfer	6.B.	The proposed transferee must provide information to us sufficient for us to assess the transferee's business experience and aptitude; you must be in compliance with the Development Schedule, the MUDA, and all other franchise agreements in effect between

Provision	Section in Agreement	Summary
		you (or your affiliates) and us; you must be in compliance with the MUDA for at least 60 days before requesting the transfer and between the request date and closing date; the transferee cannot have ownership interests in Competitive Businesses; you must pay us a $2,500 transfer fee; your transferring owners must sign a consent to transfer including a general release; the transferee owners' must sign personal guarantees; the transferee's obligations under any promissory notes or similar agreements must be subordinate to obligations due to us under the MUDA; and the your owners must abide by applicable post-termination obligations.
n. Franchisor's right of first refusal to acquire franchisee's business	Not Applicable	Not Applicable
o. Franchisor's option to purchase franchisee's business	Not Applicable	Not Applicable
p. Death or disability of franchisee	Not Applicable	Not Applicable
q. Non-competition covenants during the term of the franchise	5.B.	A "Competitive Business" is any business (other than any franchise operated under a separate franchise agreement entered into with us or our affiliates) operating as, or granting franchises or licenses to others to operate any business operating as, any family recreational center including, but not limited to: (i) a trampoline park; (ii) centers offering inflatable indoor bouncing, rock climbing, or miniature golf; (iii) active entertainment facilities; or (iv) similar family entertainment establishments; this definition is not intended to include any centers specializing in gymnastics, which may contain trampolines. No direct or indirect involvement in the operation of any Competitive Business, no diversion of business or customers to Competitive Businesses, cannot engage in activities which might adversely affect the goodwill of the Marks and System.

Provision	Section in Agreement	Summary
r. Non-competition covenants after the franchise is terminated or expires	10.E.	No direct or indirect involvement in a Competitive Business for 2 years: (i) within the Development Area, (ii) within 15 miles of any Park developed by you, or (iii) within 15 miles of any other Park in operation or under construction upon the expiration or termination of the MUDA.
s. Modification of the Agreement	17.K.	Any modification must be in writing and signed by both parties
t. Integration/merger clause	17.K.	Oral statements are not binding. The MUDA is the entire agreement. Only terms of the MUDA are binding (subject to state law). Any representations or promises not contained in the MUDA or the Disclosure Document may not be enforceable. Notwithstanding the foregoing, nothing in any MUDA is intended to disclaim the express representations made in this Disclosure Document.
u. Dispute resolution by arbitration or mediation	12	All disputes will be resolved by informal resolution and arbitration except for actions for actions for declaratory or equitable relief; actions in ejectment or for possession of any interest in real or personal property; actions which cannot be arbitrated under applicable law; and our decisions in the first instance to issue notices of default or termination or undertake other conduct with respect to the franchise relationship.
v. Choice of forum	12.B., 14	City in which our principal place of business is located (currently, Provo, Utah) (subject to applicable state law).
w. Choice of law	13	State in which our principal place of business is located (currently, Utah) (subject to applicable state law).

ITEM 18. PUBLIC FIGURES

We do not currently use any public figures to promote our System; however, we may use public figures in the future.

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.

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 Michael Revak, Chief Operating Officer, Cloudbound Franchise Group, LLC, at 86 N. University Avenue, Suite 350, Provo, Utah 84601, 385-482-1020, the Federal Trade Commission, and appropriate state regulatory agencies.

ITEM 20. OUTLETS AND FRANCHISEE INFORMATION

Table No. 1
Systemwide Outlet Summary
For Years 2022 to 2024[(1)]

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2022	0	0	0
	2023	0	0	0
	2024	0	0	0
Company-Owned	2022	0	0	0
	2023	0	0	0
	2024	0	0	0
Total Outlets	**2022**	**0**	**0**	**0**
	2022	**0**	**0**	**0**
	2024	**0**	**0**	**0**

Notes:

1. Numbers are as of December 31st each year.

Table No. 2
Transfer of Outlets from Franchisees to New Owners
(Other than the Franchisor or its Affiliates)
For Years 2022 through 2024[(1)]

State	Year	Number of Transfers
All States	2022	0
	2023	0
	2024	0
TOTAL	**2022**	**0**
	2023	**0**
	2024	**0**

Notes:
1. Numbers are as of December 31st each year.

Table No. 3
Status of Franchised Outlets
For Years 2022 to 2024[(1)]

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of the Year
All States	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
Totals	**2022**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
	2023	**0**	**0**	**0**	**0**	**0**	**0**	**0**
	2024	**0**	**0**	**0**	**0**	**0**	**0**	**0**

Notes:
1. Numbers are as of December 31st each year.

Table No. 4
Status of Company-Owned Outlets
For Years 2022 to 2024[(1)]

State	Year	Outlets at Start of the Year	Outlets Opened	Outlets Reacquired From Franchisees	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
All States	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0
	2024	0	0	0	0	0	0
Totals	**2022**	**0**	**0**	**0**	**0**	**0**	**0**
	2023	**0**	**0**	**0**	**0**	**0**	**0**
	2024	**0**	**0**	**0**	**0**	**0**	**0**

Notes:

1. Numbers are as of December 31st each year.

Table No. 5
Projected Openings as of December 31, 2024 for 2025

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets In The Next Fiscal Year	Projected New Company-Owned Outlets In the Next Fiscal Year
New York	0	0	1
Virginia	0	0	1
Total	**0**	**0**	**2**

Exhibit E lists the names, addresses and telephone numbers of all current franchisees as of December 31, 2024.

Exhibit E additionally lists the name, city and state, and the current business telephone number (or, if unknown, the last known home telephone number) of every franchisee who had an outlet transferred, terminated, canceled, not renewed or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during our most recently completed fiscal year or who has not communicated with us within 10 weeks of the issuance date of this Franchise Disclosure Document. **If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.**

Lastly, Exhibit E lists the name, city and state, and the telephone numbers of all franchisees who have signed franchise agreements, but who have not yet opened a Park as of December 31, 2024.

During the last three fiscal years, no franchisees have signed confidentiality clauses.

We do not have any trademark specific franchisee organization.

ITEM 21. FINANCIAL STATEMENTS

Attached as Exhibit F to this Disclosure Document is our audited opening balance sheet. We have not been in business for three years or more, and cannot include all financial statements required under the FTC Franchise Rule.

Our fiscal year ends on December 31.

ITEM 22. CONTRACTS

Attached to this Disclosure Document are the following Exhibits:

Exhibit A	Franchise Agreement and Appendices
Exhibit B	Multi-Unit Development Agreement and Appendices
Exhibit C	State Law Addenda
Exhibit H	Agreement and Conditional Consent to Transfer (including General Release)
Exhibit I	Representations and Acknowledgment Statement

ITEM 23. RECEIPTS

Attached as the last two pages of this Disclosure Document are duplicate receipt pages to be signed by you. Keep one for your records and return the other one to us.

EXHIBIT A TO THE DISCLOSURE DOCUMENT

FRANCHISE AGREEMENT

CLOUDBOUND™
FRANCHISE AGREEMENT

[NAME OF FRANCHISEE]

[NAME OF AREA]

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CLOUDBOUND FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT (the "**Agreement**") is made and entered into as of the last signature date below (the "**Effective Date**") by and between **CLOUDBOUND FRANCHISE GROUP, LLC**, a Delaware limited liability company, with its principal business address at 86 N. University Avenue, Suite 350, Provo, Utah 84601 (referred to in this Agreement as "**CFG**," "**Franchisor**," "**we**," "**us**," or "**our**"), and the person or Entity identified on **Appendix A** as the franchisee with its principal place of business set forth on **Appendix A** (referred to in this Agreement as "**Franchisee**," "**you**," or "**your**").

1. PREAMBLES AND DEFINITIONS.

1.1 Preambles. This Agreement governs your ownership and operation of one (1) Cloudbound™ business offering a method of operating indoor play facilities for young children featuring Attractions (as defined below) which use our proprietary System and our Marks (a "**Business**"). Businesses are developed and operated in accordance with a distinctive business format and set of business methods, designs, layouts, standards, specifications, and Methods of Operation that we and our Affiliates have developed and will continue to develop (the "**System**"). We identify the Businesses operating under the System by means of the Cloudbound mark and certain other trademarks, service marks, trade names, trade dress, signs, associated designs, artwork, and logos that we may specify from time to time (collectively, the "**Marks**"). We may change, improve, add to, and further develop the elements of the System and the Marks from time to time. We grant franchises to persons who meet our qualifications and are willing to undertake the investment and effort required to own and operate a Business utilizing the System and the Marks and offering the products and services we authorize and approve. You have indicated to us that you desire a franchise to own and operate a Business, and we are willing to grant you a franchise to own and operate a Business, subject to the terms and conditions of this Agreement.

1.2 Certain Definitions. The terms listed below have the meanings which follow them and include the plural as well as the singular. Other terms are defined elsewhere in this Agreement in the context in which they arise.

"**Accounting Period**" - Each monthly period during the term of the Agreement.

"**Affiliate**" - Any person or Entity that directly or indirectly owns or controls the referenced party, that is directly or indirectly owned or controlled by the referenced party, or that is under common control with the referenced party. The term "control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of an Entity, whether through ownership of voting securities, by contract or otherwise.

"**Applicable Laws**" - All federal, state, and local laws, rules, regulations, and ordinances that are applicable in your Protected Territory.

"**Attractions**" means the recreational equipment and activities featured within the Business' playspace and its themed zones, including but not limited to slides, swings, jumping mats, obstacle courses, and ball pits.

"**Competitive Business**" – Any business (other than a Business operated under a separate franchise agreement entered into with us or our Affiliates) operating as, or granting franchises or license to others to operate any business operating as, any family recreational center including, but not limited to: (i) a trampoline park; (ii) centers offering inflatable indoor bouncing, rock climbing, or miniature golf; (iii) active entertainment facilities; or (iv) similar family entertainment establishments. This definition is not intended to include any centers specializing in gymnastics, which may contain trampolines.

"**Confidential Information**" - Defined in Section 8.1 (Confidential Information).

"**Control Group**" - Defined in Section 2.4 (Control Group).

"**Controlling Interest**" – Thirty-three and one-third percent (33.33%) or more of your voting shares or other voting rights if you are an Entity owned by three (3) or more persons; otherwise, fifty percent (50%) or more of your voting shares or other voting rights.

"**Dispute**" - Any dispute, controversy or claim between us and you and any of our or your Affiliates, officers, directors, shareholders, members, Guarantors, employees or owners arising under, out of, in connection with or in relation to: (i) this Agreement, (ii) any lease or sublease for your Business, (iii) any loan or other finance arrangement between us or our Affiliates and you, (iv) the parties' relationship, (v) your Business, or (vi) the System.

"**EFT**" - The electronic transfer of funds to us from a credit card, debit card or bank account, as well as any other current or future form of pre-authorized payment.

"**Entity**" - A corporation, general or limited partnership, limited liability company, association, cooperative or other legal entity.

"**FDD**" - The Franchise Disclosure Document that was furnished to you by us, which describes this Agreement and the Cloudbound™ franchise offering.

"**Gross Sales**" – the total amount of all sales of products, services, programs and merchandise, food, and beverages, sold from, through, or in connection with the Business whether for cash, on credit, barter or otherwise, exclusive of applicable sales, use or service taxes. Gross Sales additionally exclude refunds that are provided to customers (not including chargebacks).

"**Guarantor**" – Each Owner who has a ten percent (10%) or greater interest in your Entity, or such other persons as we may designate (including Owners' spouses), who must sign an agreement in the form we prescribe, undertaking to be bound jointly and severally by the terms of this Agreement, the current form of which is attached hereto as **Appendix B** (Owners' Personal Guaranty of Franchisee's Obligations). Your Responsible Person, as defined below, must additionally become a Guarantor.

"**Internet**" - All communications between computers and between computers and television, telephone, facsimile, and similar communications devices, including the World Wide Web, proprietary online services, e-mail, news groups and electronic bulletin boards.

"**Methods of Operation**" - The information we provide to you containing mandatory and suggested specifications, standards, operating procedures (including safety standards), and rules that we prescribe from time to time for the operation of a Business, including the Operations Manual and any other information we provide to you during the term of the Agreement relating to your operation of the Business or to any other of your obligations under this Agreement and related agreements.

"**NAF**" - Our National Advertising Fund, as further defined in Section 10.1 (National Advertising).

"**Operations Manual**" - Our confidential policy manual, as amended from time to time, which may consist of one or more manuals, including any of our operating system manuals, compliance manuals, and management training manuals, containing our Methods of Operation relating to the development and operation of Businesses and other information relating to your obligations under this Agreement and related agreements. The term "Operations Manual" also includes alternative or supplemental means of communicating such information by other media, including lists, templates, bulletins, e-mails, digital newsletters and other postings, CDs, DVDs, applications, software, digital audio or video files, and any information we share with you through our intranet, project management system, or other software platforms for the System.

"**Operating Assets**" - All fixtures, furnishings, signs, and equipment used in the Business, including the Technology System.

"**Owner**" - Each person that has any direct or indirect legal or beneficial ownership interest in you (if you are an Entity), this Agreement, the Franchise, or the Business and any person who has any other legal or equitable interest, or the power to vest in himself any legal or equitable interest, in the revenue, profits, rights or assets thereof. As used in this Agreement, any reference to Owner includes investors who will not participate in the day-to-day operations of the Business. If the Franchisee is one or more individuals, each individual will be deemed an Owner. Your Owner(s) is/are identified on **Appendix A** to this Agreement.

"**Person**" - A "person" refers to both an individual natural person and an Entity.

"**Responsible Person**" - The individual you so designate in **Appendix A** and any replacement thereof approved by us. The Responsible Person must be someone who has the authority to, and does in fact, actively direct your business affairs related to the Business.

"**Royalty Billing Day**" – Once per month, currently on the third (3^{rd}) day after the preceding month ends. If the payment date falls on a holiday, the fees will be due on the next business day. On these Royalty Billing Days, we or our authorized designee are authorized by you to withdraw all Royalty Fees and other amounts then due to us under the terms of this Agreement via electronic funds transfer from your designated bank account.

"**Technology System**" - The hardware, software, security cameras, point-of-sale system, payment processing systems, network connections, the security camera system, the reservation system, the waiver processing system, and other existing or future technology equipment,

components, or systems that we designate from time to time as necessary for the operation of Businesses.

"**Transfer**" - The voluntary, involuntary, direct or indirect sale, assignment, transfer, license, sublicense, sublease, collateral assignment, grant of a security, collateral or conditional interest, Inter-vivos transfer, testamentary disposition or other disposition of this Agreement, any interest in or right under this Agreement, or any form of ownership interest in you or the assets, revenues or income of your Business. A Transfer includes: (1) any transfer, redemption or issuance of a legal or beneficial ownership interest in the capital stock of, or a partnership interest in, you or of any interest convertible to or exchangeable for capital stock of, or a partnership interest in, you; (2) any merger or consolidation between you and another Entity, whether or not you are the surviving corporation; (3) any transfer in, or as a result of, a divorce, insolvency, corporate or partnership dissolution proceeding or otherwise by operation of law; (4) any transfer upon your death or the death of any of your Owners by will, declaration of or transfer in trust or under the Applicable Laws of intestate succession; or (5) any foreclosure upon your Business or the transfer, surrender or loss by you of possession, control or management of your Business.

"**Travel and Living Expenses**" – The travel and living expenses (including transportation, food, and lodging) and other out-of-pocket costs incurred by the employees, managers, or other personnel of a party to this Agreement in attending meetings, events, programs, or in visiting locations.

2. YOUR ORGANIZATION AND MANAGEMENT.

2.1 Organizational Documents. If you are an Entity, or at any time form an Entity and intend to assign this Agreement to such Entity, you and each of your Owners agree and represent that:

(a) you are duly organized and validly existing under the Applicable Laws of the state of your organization, and, if a foreign Entity, you are duly qualified to transact business in the state in which your Business is located;

(b) you have the authority to execute and deliver this Agreement and to perform your obligations hereunder; and

(c) your activities are restricted to those necessary solely for the development, ownership, and operation of a Business in accordance with this Agreement and any other agreements entered into with us or any of our Affiliates.

2.2 Ownership Interests.

(a) You and each of your Owners represent, warrant, and agree that the attached **Appendix A** is a current, complete, and accurate list of all Owners. You must notify us of any proposed change to the persons or Entities who are your Owners and you must receive our written approval prior to effecting such change. You must, within seven (7) calendar days from the date of an approved change, cooperate with us in updating **Appendix A** so that it is current, complete, and accurate at all times.

Each person who is or becomes an Owner who has a ten percent (10%) or greater interest in the Franchisee Entity, or such other persons as we may designate (including Owners' spouses), must execute an agreement in the form we prescribe, undertaking to be bound jointly and severally by the terms of this Agreement, the current form of which is attached hereto as **Appendix B** (Owners' Personal Guaranty of Franchisee's Obligations).

(b) Each person who is or becomes an Owner that: (i) has a ten percent (10%) or greater interest in the Franchisee Entity, or (ii) is given access to our Confidential Information must execute an agreement in the form we prescribe, undertaking to be bound by the confidentiality and non-competition covenants contained in the Agreement, the current form of which is attached hereto as **Appendix C**.

(c) If you are a partnership Entity, then each person or Entity who, now or hereafter, is or becomes a general partner is deemed an Owner who must sign **Appendix B** and **Appendix C**, regardless of their ownership interest percentage in such partnership.

2.3 Responsible Person/Management of Business. If you are an Entity, or at any time form an Entity and intend to assign this Agreement to such Entity, you must designate a "Responsible Person" in **Appendix A** who is an individual approved by us with the authority to bind you regarding all operational decisions with respect to your Business and who has completed our training program to our satisfaction. You (or your Responsible Person) shall exert your best efforts toward the development and operation of your Business and, absent our prior approval, you or your Responsible Person may not engage in any other business or activity, directly or indirectly, that requires substantial management responsibility or time commitments or which may otherwise conflict with your obligations hereunder. Notwithstanding the foregoing, we shall have no responsibility, liability, or obligation to you, your Responsible Person (as applicable), or your Owners regarding your assignment or allocation of management responsibilities, and you agree to indemnify and hold us harmless with respect thereto. You must notify us of any proposed change of the Responsible Person and receive our written approval prior to such change. If such change results from the voluntary or involuntary termination of the Responsible Person, you must submit a new proposed Responsible Person to us within fifteen (15) days after such termination. Following any approved change of your Responsible Person, you must cooperate with us in updating **Appendix A** so that it is current, complete, and accurate at all times. Neither you nor your Owners will, directly or indirectly, take any actions to negate, circumvent, or otherwise restrict your Responsible Person's authority to bind you with respect to the Business. Your Business must always be managed by you (or your Responsible Person) or by an on-site general or assistant manager or an hourly team lead who has completed all appropriate training programs.

2.4 Control Group. If you or one of your Affiliates have entered into a Multi-Unit Development Agreement with us and are entering into this Agreement pursuant thereto, and you are an Entity, you acknowledge and agree that the Owner or group of Owners described in **Appendix A** hereof that has, directly or indirectly, fifty-one percent (51%) or more ownership interest in you and voting control over its ownership interests in you ("**Control Group**"), has the same ownership interest in and voting control of the Entity that executed the Multi-Unit Development Agreement.

3. GRANT OF RIGHTS.

3.1 Grant Of Franchise.

(a) **Grant**. Subject to the terms of and upon the conditions contained in this Agreement, we hereby grant you a non-exclusive license (the "**Franchise**") to operate one (1) Business using the System and the Marks at the location identified on **Appendix E** (the "**Location**"), for a term commencing on the Effective Date and expiring on the tenth (10^{th}) anniversary of that date ("**Term**"), unless sooner terminated in accordance with Section 15 (Termination of Agreement). You hereby accept the Franchise and agree to operate the Business according to the provisions of this Agreement for the entire Term. You have no right to: (i) sublicense the Marks or the System to any other person or entity, (ii) use the Marks or the System at any location other than the Location, or (iii) to use the Marks or the System in any wholesale, e-commerce, or other channel of distribution besides the operation of the Business at the Location.

(b) **Protected Territory**. This Agreement grants to you a Franchise for a single Business to be located within the protected territory identified on **Appendix E** (the **"Protected Territory"**). We reserve the right, in our sole discretion, to modify the Protected Territory and revise **Appendix E** upon any Transfer. Except as provided in Section 3.2 (Our Reservation of Rights) and provided that you are in full compliance with this Agreement and all other agreements entered into with us (or any of our Affiliates), we will not own and operate, or license a third party to own and operate, a Business within your Protected Territory during the Term of this Agreement.

3.2 Our Reservation of Rights.

Except as otherwise expressly provided in Section 3.1(b) (Protected Territory), we and all our Affiliates (and our and their respective successors and assigns, by purchase, merger, consolidation or otherwise) retain all rights with respect to the Marks, the System and Businesses anywhere in the world, and retain the right to engage in any business whatsoever and any other right not expressly granted to you in this Agreement, including the rights to:

(a) own and operate, and/or grant to others the right to own and operate, Competitive Businesses or other businesses offering similar or identical products and services and using the System or elements of the System: (i) under the Marks anywhere outside of the Protected Territory, or (ii) under names, symbols, or marks other than the Marks anywhere, including inside and outside of the Protected Territory;

(b) offer to sell, or sell and distribute, any products or services under any trade names, trademarks, service marks or trade dress, including the Marks, anywhere through any distribution channels (including the Internet, retail stores, gift cards, distribution or fulfillment centers, or any other existing or future form of electronic commerce) regardless of the nature or location of the customers with whom such other businesses and distribution channels do business, even if such businesses sell products or services that are identical or similar to, and/or competitive with those that Businesses customarily sell;

(c) acquire the assets or ownership interests of, merge, affiliate with or engage in any transaction with other businesses (including Competitive Businesses), with units located

anywhere or business conducted anywhere, even if such businesses are located in the Protected Territory, and: (i) rebrand the other businesses to operate under the Cloudbound™ name, Marks, and System; (ii) franchise, license or create similar arrangements with respect to the other businesses and/or permit the other businesses to continue to operate under another name, and (iii) permit the businesses to operate under another name and convert existing Businesses (including yours) to such other name;

(d) Be acquired or become controlled (regardless of the form of transaction) by a business providing products or services similar to those provided at Businesses, or by any other business, even if such business operates, franchises, and/or licenses Competitive Businesses; and

(e) Operate, or grant any third party the right to operate, any Businesses that we or our designees acquire as a result of the exercise of a right of first refusal or purchase right that we have under any agreements.

4. LOCATION SELECTION, LEASE OR PURCHASE OF LOCATION AND LOCATION DEVELOPMENT.

4.1 Location Selection You acknowledge that, following the execution of this Agreement, you (with or without our assistance) will find and submit to us for our acceptance a Location for your Business. You acknowledge and agree that our recommendation or acceptance of the Location, and any information or financial projections we may provide you regarding the Location or our standard site selection criteria for Businesses, do not constitute a representation or warranty of any kind, express or implied, as to the suitability of the Location for a Business or for any other purpose. Our recommendation or acceptance of the Location indicates only that we believe that the Location falls within the acceptable criteria for Businesses that we have established as of the time of our recommendation or acceptance of the Location. You acknowledge and agree that your selection of the Location is based on your own independent investigation of the suitability of the Location. We have the right to grant or withhold acceptance of any proposed Location in our business judgment.

4.2 Purchase Or Lease Of The Location You must lease, sublease, or purchase the Location within nine (9) months after signing this Agreement. Your failure to sign a lease within this timeframe constitutes grounds for immediate termination of this Agreement under Section 15.2 (Termination By Us) and the loss of your non-refundable Initial Franchise Fee. You may request a three (3) month extension to lease, sublease or purchase the Location by sending us a written request at least thirty (30) days before the deadline ("**First Extension Period**"). We may grant the First Extension Period, without your payment of any extension fee, if we believe you have engaged in a good faith effort to find a Location. If no less than thirty (30) days prior to the expiration of the First Extension Period, you request an additional extension of time to lease, sublease or purchase the Location ("**Additional Extension Period**"), we shall have the right, in our sole discretion, to grant such Additional Extension Period provided you pay us an extension fee in an amount equal to our then-current initial franchise fee. We have the right, but not the obligation, to review the business terms of any lease, sublease, or purchase contract for the Location, and you must deliver a copy to us for our review before you sign it. You agree that any lease or sublease for the Location must, in form and substance satisfactory to us, include all the

provisions set forth on **Appendix D** attached hereto. You may not execute a lease, sublease purchase contract or any modification thereof without our approval. Our approval of the lease, sublease or purchase contract does not constitute a warranty or representation of any kind, express or implied, as to its fairness or suitability or as to your ability to comply with its terms. We do not, by virtue of approving the lease, sublease, or purchase contract, assume any liability or responsibility to you or to any third parties. Such approval indicates only that we believe that the Location and certain terms of the lease, sublease or purchase contract fall within the acceptable criteria we have established as of the time of our approval. You further acknowledge that we have advised you to seek legal counsel to review and evaluate the lease, sublease, or purchase contract. You must deliver a copy of the fully signed lease, sublease, or purchase contract to us within five (5) days after its execution.

4.3 Location Development.

(a) **Development**. You are solely responsible for developing the Business and all expenses associated with such development. We will furnish you with mandatory specifications and layouts for a Business, including requirements for dimensions, design, image, interior layout, decor, Operating Assets, color scheme, and other suggestions. The mandatory specifications and layouts we provide will not contain the requirements of any Applicable Laws. We will furnish guidance to you in developing the Location as we deem appropriate. You will consult with our development team to obtain the services of an architect approved by us to produce construction plans, based on the preliminary layout provided by us, to suit the shape and dimensions of the Location. You are responsible for the cost of the architect's services. You must prepare, at your expense, all required construction plans and specifications to suit the shape and dimensions of the Location and to ensure that such plans and specifications comply with all Applicable Laws, building codes and permit requirements and with lease requirements and restrictions, including those concerning the Americans with Disabilities Act ("**ADA**") or similar rules governing public accommodations for persons with disabilities.

(b) **Plans**. We shall provide the first three (3) space plans ("**Space Plan**") to you at no additional cost. If additional Space Plans are necessary, the cost shall be Three Hundred Fifty Dollars ($350) for each additional Space Plan. You must submit all such modified plans and specifications, including design specifications, to us for our approval before starting to develop the Location. You acknowledge that design quality is important to us. All final plans are subject to our approval. At our request, you must submit all revised or "as built" plans and specifications. All development and any signage must be in accordance with the plans and specifications we have approved and must comply with all Applicable Laws, ordinances and local rules and regulations. We may periodically inspect the Location during its development. We do not, by approving your plans or specifications or inspecting the Location, assume any liability or responsibility to you or to any third parties. Such approvals and inspections by us shall be solely for the purpose of determining compliance with our standards and shall not be construed as any express or implied representation or warranty that your Business complies with any Applicable Laws (including the ADA or any other laws regulating standards for the access to, use of, or modifications of buildings for any by persons whose disabilities are protected by law) or that the construction thereof is sound or free from defects. All prototype and modified plans and specifications for your Business remain our sole and exclusive property, and you may claim no interest therein.

(c) **Construction; Site Development Fee**. You must employ a general contractor acceptable to us. You must procure all applicable construction insurance in amounts and coverages acceptable to us. You must provide us with weekly progress reports during construction in a format acceptable to us. We have the right to visit and inspect the site during the construction phase. Such visits shall be at our expense, except for visits made upon your request, which shall be at your expense. You must further obtain all required construction and occupancy licenses and permits, develop the Location (including all outdoor features and landscaping of the Location, if applicable), install all required Operating Assets, and complete all other tasks as may be required pursuant to this Agreement or by practical necessity to open your Business for use by customers. In consideration for the foregoing site development activities and guidance set forth in this Section 4.3, no later than ten (10) days before the date that you open the Business for use by customers, you must pay to us a non-refundable site development fee equal to Five Thousand Dollars ($5,000) (the "**Site Development Fee**") in the form of a lump sum payment via EFT from your designated bank account (as further described in Section 5.7 below).

(d) **Natural Disasters**. Notwithstanding anything to the contrary set forth in this Section 4.3, you shall not be deemed to be in breach of this Section 4.3 if your failure to start construction, finish construction, or open your Business as described above results solely from windstorms, rains, floods, earthquakes, typhoons, mudslides, fires, or other natural disasters and you have provided written notice to us concerning such causes. Any delay resulting from any of such causes shall extend performance accordingly, in whole or in part, as may be reasonable, except that no such cause, alone or in combination with other causes, shall extend performance more than ninety (90) days without our prior written consent, which consent may be withheld.

4.4 Your Obligations. You agree, at your own expense, to complete the following with respect to developing the Business at the Location:

(a) secure all financing required to develop and operate the Business;

(b) obtain all permits and licenses required to construct and operate the Business;

(c) construct all required improvements to the Location and decorate the Business in compliance with plans and specifications we have approved, and in compliance with all governmental requirements;

(d) purchase, or lease, and install all required Operating Assets required for the Business;

(e) purchase an initial inventory of authorized and approved products, materials and supplies in accordance with our Methods of Operation; and

(f) comply with all Applicable Laws and best practices of the industry.

4.5 Operating Assets. You agree to use in developing and operating the Business only those Operating Assets that we have approved for Businesses as meeting our specifications and standards for quality, design, appearance, function, and performance. You agree to place or display

at the Location (including both its interior and exterior) only such signs, emblems, lettering, logos, and display materials that we approve from time to time. See Section 9.6 (Products, Supplies, Operating Assets, and Services) for details relating to the acquisition of the Operating Assets.

4.6 Start-Up Inventory. We will provide you lists of the start-up inventory that you must obtain prior to commencing operations of your Business hereunder. See Section 9.5 (Products and Services You May Offer) and 9.6 (Products, Supplies, Operating Assets, and Services) for details relating to your inventory.

4.7 Business Commencement. You agree that you shall not commence operation of the Business until:

(a) we approve the Business as developed in accordance with our specifications and standards;

(b) pre-opening training has been completed by you, your Responsible Person, and/or your employees as described in Section 6.1 (Training);

(c) you have given us a copy of your approved and executed lease, sublease or purchase contract for the Location;

(d) the Initial Franchise Fee and all other amounts then due to us have been paid;

(e) you have furnished copies of all insurance policies required by this Agreement to us and named us as an additional insured, or provided such other evidence of insurance coverage and payment of premiums as we request or accept; and

(f) you have obtained all required permits, licenses and certifications for operating the Business, and the Business is in compliance with all Applicable Laws.

4.8 Commencement Deadline. You must commence Business operations within eighteen (18) months after the execution of this Agreement and within five (5) days after we notify you that the conditions set forth in this Section have been satisfied.

4.9 Grand Opening Marketing. You agree to conduct grand opening marketing for the Business. You must spend a minimum of Thirty-Five Thousand Dollars ($35,000) toward pre-opening marketing and promotional activities (the "**Grand Opening Marketing Expense**") prior to the opening of the Business. You must provide to us documentation evidencing such expenditures in the form, and including the details and copies of the advertising and materials and receipts, as we request at any time. All of your pre-opening marketing activities must utilize marketing and public relations programs and media and advertising materials we have approved.

4.10 Opening Assistance. We will send at least one (1) representative (which may be an employee of ours or a designee) to provide on-site opening assistance for at least five (5) days during the opening of the Business. If additional training is required on-site, you will be

responsible for all Travel and Living Expenses incurred by the trainers and we will have the right to charge a reasonable training and assistance fee.

4.11 **Relocation**. You may not relocate the Business without our prior written consent. Such approval will not be unreasonably withheld, provided that: (i) the new location for the Business premises is satisfactory to us and you comply with our then-current real estate requirements, (ii) your lease, if any, for the new location complies with our then-current requirements, (iii) you comply with our then-current requirements for constructing and furnishing the new location, (iv) the new location will not, as determined in our sole discretion, materially and adversely affect the revenue of any other Business, (v) you have fully performed and complied with each provision of this Agreement prior to, and as of, the date we consent to such relocation (the **"Relocation Request Date"**), and (vi) you are not in default under this Agreement as of the Relocation Request Date. If your Location lease expires or is otherwise terminated, you must secure our approval of another site and enter a lease, sublease, or purchase agreement for the new approved site within ninety (90) days of such expiration or termination. If we consent to the Business's relocation, we have the right to charge you for the expenses we incur in connection with the relocation. We reserve the right to terminate this Agreement if you fail to secure a new approved site within ninety (90) days following the expiration or termination of the Location's lease or sublease.

5. FEES.

5.1 **Initial Franchise Fee**. You agree to pay us a nonrecurring and nonrefundable initial franchise fee in the amount Sixty Thousand Dollars ($60,000) of (the "**Initial Franchise Fee**") when you execute this Agreement.

5.2 **Royalty Fee**. You agree to pay us a nonrefundable royalty (the "**Royalty Fee**") per Accounting Period via EFT. The Royalty Fee your Business will pay is equal to six percent (6%) of the Gross Sales of the Business. We will collect the Royalty Fee on the Royalty Billing Day, pursuant to our Methods of Operation, via the EFT initiated by us or by a third party authorized by us from the designated account identified in Section 5.6 (Designated Account), or by such other means as we may authorize and approve.

5.3 **Ad Fee**. You must pay to us a continuing advertising fee in the amount of three percent (3%) of the Gross Sales for the Business (the "**Ad Fee**") per Accounting Period, payable in the same manner as the Royalty Fee. The Ad Fee will be contributed toward the NAF and may be increased or decreased by us upon at least thirty (30) days' notice to you but the Ad Fee shall not exceed four percent (4%) during the Term of this Agreement.

5.4 **Technology Fee**. You may be required to pay a fee to us, or a service provider we designate (which may be one of our Affiliates), for technology-related services, including, but not limited to, website or email hosting, help desk support, software or website development, enterprise solutions, point-of-sale systems, and other services associated with your Technology System (the "**Technology Fee**"). We may further require you to pay the Technology Fee to us beginning two (2) months prior to your Business' opening. If imposed, the Technology Fee will be payable in the same manner as the Royalty Fee and the Technology Fee may be increased or decreased by us based upon changes in amounts billed to us from service providers upon thirty

(30) days' prior written notice to you; provided, however, the Technology Fee will not be more than our costs plus twenty percent (20%) during the Term of this Agreement. Notwithstanding any collection of the Technology Fee by us, you may be required to purchase hardware, software, or other components of the Technology System from required vendors.

5.5 Call Center Program Fee. You may be required to participate in a call center program, as may be modified by us from time to time (the "**Call Center Program**"). Participation in the Call Center Program may include, without limitation, using and publishing a telephone number designated by us; engaging a designated service provider (which may be us, our Affiliate, or approved third-party service providers) to answer calls and handle customer service matters; and acquiring, installing, and using additional hardware, software, or other technology. You agree to pay all fees imposed by us or our approved third-party service providers for these services. We do not currently collect Call Center Program fees, which are instead payable to approved third-party service providers. If imposed, we may increase the Call Center Program fees up to twenty percent (20%) once per calendar year during the Term of this Agreement.

5.6 Designated Account. Prior to the opening of the Business, and as a condition thereof, you shall establish a designated bank account from which we or our authorized designees shall be authorized to withdraw in any manner which we prescribe, which may include EFT, ACH, or wire transfer, any amounts due to us, our Affiliates, or any supplier from you under this Agreement, including but not limited to, Royalty Fees and Ad Fees. We have the right to review your sales numbers daily. On the days designated as your Royalty Billing Days, we or our authorized designee shall calculate the Royalty Fee due for that Accounting Period and withdraw such amount and any other amounts due under this Agreement, including any Ad Fees or other fees, directly from the designated account. All costs and expenses of establishing and maintaining such designated account, including transaction fees and wire transfer fees, shall be paid by you. You agree to ensure that sufficient funds are available in your designated bank account at all times to cover our withdrawals.

5.7 Interest On Late Payments. All amounts which you owe us and do not pay us when due will bear interest after their due date until payment is received in full at the lesser of: (a) the highest rate of interest permitted by Applicable Law; or (b) 18% per annum. You acknowledge that this Section does not constitute our agreement to accept any payments after they are due or our commitment to extend credit to, or otherwise finance your operation of, the Business.

5.8 Application Of Payments. Notwithstanding any designation you might make, we have the right to apply any of your payments to any of your past due indebtedness to us. You acknowledge and agree that we have the right to set off any amounts you or your Owners owe us against any amounts we might owe you or your Owners.

5.9 Overdue Supplier Payments. You acknowledge and agree that in order to ensure quality and consistency at all Businesses, we may designate, approve or develop standards and specifications for manufacturers, distributors, and suppliers of products and services to your Business, which may include us or our Affiliates. You hereby acknowledge and agree that in the event we receive notice from any supplier that you are past due on any payment to such supplier, and you have not provided any notice to the supplier disputing such overdue amount beforehand,

you hereby authorize us to make payment on your behalf of any such overdue amount to such supplier. You acknowledge and agree we may pay any such overdue amount by withdrawing from your designated bank account an amount equal to the overdue amount owed to the supplier. Notwithstanding the foregoing, you acknowledge and agree that nothing in this Section requires us to pay your overdue amounts in lieu of or as a condition precedent to issuing any written notice of default pursuant to Section 15.2(k) herein.

5.10 **Non-Compliance Fee**. In the event you receive a written notice of default for failing to comply with any terms of this Agreement and fail to cure such default within the specified cure period (if any), we may impose a fee of Two Hundred Fifty Dollars ($250) per day for each day you remain out of compliance. If there is no cure period, the Two Hundred Fifty Dollars ($250) per day non-compliance fee shall begin the day after we give you written notice. Notwithstanding the foregoing, if you do not obtain a waiver for any participant before they use any Attractions at your Business, we have the right to charge you a non-compliance fee of Two Thousand Five Hundred Dollars ($2,500) per violation. Nothing herein is intended to limit our rights of termination based on your violation of this Agreement.

5.11 **Inspection And Compliance Reimbursement**. You agree to reimburse us for our actual costs if, after an inspection of your Business, we determine (in our business judgment) that additional follow up inspections or assessments are required. Our actual costs may include (but are not necessarily limited to) the Travel and Living Expenses of our employees or designees who perform such follow up inspections or assessments.

6. TRAINING, ASSISTANCE, AND METHODS OF OPERATION.

6.1 **Training**. Before the Business begins operating, we will furnish initial training on the operation of a Business to you (or, if you are an Entity, your Responsible Person), and the management team you have hired in anticipation of the Business' opening (collectively, "**Management Team**"). The initial training will be furnished at such time and place as we may designate, which may include another Business. You (or your Responsible Person) and your Management Team are required to complete the initial training to our satisfaction. If you are an existing franchisee and you have previously completed our initial training program, you may not be required to attend the initial training program depending on various factors, including but not limited to how long it has been since you completed the initial training program, your compliance with our Methods of Operation in operating your existing Business(es), and the extent of changes to the initial training program since you last completed such program. Notwithstanding the foregoing, we may require that certain of your employees and that any new general manager complete the initial training program. You also are required to participate in all other activities required to operate the Business. Although we will furnish initial training to you (or your Responsible Person) and your Management Team at no additional fee or other charge, you will be responsible for all Travel and Living Expenses and compensation which you (or your Responsible Person) and your Owners or employees incur in connection with such initial training. If we determine that you (or your Responsible Person) are unable to complete initial training to our satisfaction, we have the right to terminate this Agreement pursuant to Section 15.1 (Termination By Us). As of the Effective Date, we do not have plans to change the initial training program, but we reserve the right to do so. If the initial training program changes prior to your enrollment in

such program, you, your Owners and your employees will be required to complete the initial training program that is required of franchisees at such time.

6.2 Refresher Training. We may require you (or your Responsible Person) and/or any of your employees to attend periodic refresher training courses at such times and locations that we designate ("**Refresher Courses**"). Refresher Courses may additionally include electronic training courses, trade shows, ongoing education or certification programs, franchisor-sponsored performance groups, webinars, and courses and programs provided by third parties we designate. You may be required to pay fees for such Refresher Courses to third-parties or pay our then-current fees for such courses to us (as applicable). We also may require you to pay us fees for training additional employees or new employees you have hired after your Business commences operations.

6.3 General Guidance. We may advise you from time to time regarding operational issues concerning the Business disclosed by reports you submit to us or on-site inspections we make from time to time. Such guidance may be furnished in our Operations Manual, bulletins, e-mails, through our intranet, or other written materials or by any electronic transmission and/or during telephone consultations and/or consultations at our office or the Business. In addition, we may furnish guidance to you with respect to:

(a) standards, specifications and operating procedures and methods utilized by the Business, including the Methods of Operation;

(b) equipment and facility maintenance;

(c) purchasing required Operating Assets, products, materials, and supplies and inventory management;

(d) advertising and marketing program approvals;

(e) training your employees;

(f) administrative, bookkeeping and accounting procedures;

(g) use of the authorized and approved Technology System; and

(h) sample or template forms or documents, including but not limited to any Membership Agreements (as defined below) or customer waivers. ANY SUCH SAMPLE OR TEMPLATE FORMS ARE PROVIDED FOR INFORMATIONAL PURPOSES ONLY AND ARE NOT INTENDED AS LEGAL ADVICE. WE DO NOT WARRANT THE COMPLETENESS, LEGALITY OR ENFORCEABILITY OF ANY DOCUMENT OR INFORMATION PROVIDED BY US. YOU SHOULD RETAIN YOUR OWN LEGAL COUNSEL TO REVIEW AND REVISE ANY SUCH DOCUMENTS OR INFORMATION TO CONFORM TO ALL APPLICABLE LAWS.

6.4 On-Site Consultation and Additional Guidance. During the Term of this Agreement, we may provide additional guidance in any of the following ways:

(a) Internet and telephone consultation during such times as are outlined in the Operations Manual;

(b) wholesaling services whereby we may ourselves act as an approved or designated source for products, merchandise, accessories, Operating Assets, etc.;

(c) website and social media marketing assistance;

(d) ongoing marketing programs (excluding collateral) to fulfill our obligations in Section 10 (Marketing);

(e) meetings, seminars or conferences whereby we may meet with you and other franchisees for business or social purposes;

(f) research and development regarding Methods of Operation; and/or

(g) at your request, we may furnish additional guidance and assistance and, if approved, we may charge a reasonable fee for such assistance. If you request, or if we require, additional or special training for your employees, all of the expenses that we incur in connection with such training, including Travel and Living Expenses for our personnel, will be your responsibility alongside a reasonable fee for such training.

6.5 **Operations Manual**. During the term of this Agreement, we will allow you to access or borrow our then-current Operations Manual. In our discretion, we may provide you the Operations Manual in paper or electronic form. The Operations Manual contains mandatory and suggested specifications, standards, operating procedures, and rules that we prescribe from time to time for the operation of a Business and information relating to your other obligations under this Agreement and related agreements. We may modify the Operations Manual from time to time to reflect changes in Applicable Laws, the marketplace, or our Methods of Operation. The Operations Manual and our Methods of Operations constitute confidential trade secrets and will remain our property at all times. If there is a Dispute over the Operations Manual's contents, our most recently updated master copy of the Operations Manual shall control. You agree that the Operations Manual's contents are confidential and that you will not disclose the Operations Manual to any person other than any employee of yours who needs to know its contents. You may not at any time copy, duplicate, record, or otherwise reproduce any part of the Operations Manual. You further agree to keep the Operations Manual current and in a secure location at your Business and to keep all password-protected electronic information secure. You agree that these requirements are reasonable and necessary to preserve the identity, reputation, value, and goodwill of the System.

6.6 **Annual Convention**. You, or at least one (1) representative identified by you, will be required to attend annual conventions we periodically conduct at locations to be determined by us in our sole discretion (each a "**Convention**") throughout the Term of this Agreement. You will pay all Convention fees established by us for each person attending the Convention, and you will also be responsible for all expenses, including Travel and Living Expenses and other expenses incurred by the persons attending the Convention on your behalf. Annual Convention fees will not be more than our costs plus twenty percent (20%). You must pay all Convention fees established by us, whether you attend the Convention or not. If you have not paid the Convention fees owed

to us at least fifteen (15) days before the Convention begins, the Convention fees will be automatically debited from your designated bank account. Convention fees are nonrefundable.

7. MARKS.

7.1 Ownership and Goodwill of Marks. Your right to use the Marks is derived solely from this Agreement and limited to your operation of the Business pursuant to and in compliance with this Agreement and the Methods of Operation. Any unauthorized use of the Marks will constitute a breach of this Agreement and an infringement of our rights in and to the Marks. You acknowledge and agree that your usage of the Marks and any goodwill established by such use will be exclusively for our and our Affiliates' benefit and that this Agreement does not confer any goodwill or other interests in the Marks upon you (other than the right to operate the Business in compliance with this Agreement). All provisions of this Agreement applicable to the Marks apply to any additional proprietary trademarks and service marks and commercial symbols we authorize you to use. You will not represent in any manner that you have any ownership in the Marks or the right to use the Marks except as provided in this Agreement and in the Operations Manual. You will not register or attempt to register any of the Marks or any marks or names confusingly similar to the Marks. You agree not to challenge any of our Marks or any applications or registrations relating thereto at any time.

7.2 Limitations On Your Use Of Marks. You agree to use the Marks as the sole identification of the Business, except that you agree to identify yourself as the independent owner thereof in the manner we prescribe. You may not use any Marks, or any name that is confusingly similar with any Marks: (i) as part of any corporate or legal business name; (ii) as part of an Internet domain name or Internet e-mail address (other than an e-mail address we issue to you); (iii) with any prefix, suffix or other modifying words, terms, designs or symbols (other than logos licensed to you hereunder); (iv) in any modified form; (v) in connection with the performance or sale of any unauthorized services or products; (vi) in any advertising concerning the transfer, sale or other disposition of the Business or an ownership interest in you; or (vii) in any other manner we have not expressly authorized in writing. You agree to display the Marks in the manner we prescribe at the Business, on supplies or materials we designate and in connection with forms, advertising, promotional, and marketing materials we designate. You agree to utilize such notices of trademark and service marks registrations (i.e., "®" or "TM") as we specify and to obtain any fictitious or assumed name registrations required under Applicable Laws. Following any termination or expiration of this Agreement, you agree to immediately withdraw any fictitious or assumed name registrations which use any Marks.

7.3 Notification Of Infringements And Claims. You agree to notify us immediately of any known, actual, suspected, threatened, or apparent infringement or challenge to your use of any Marks, or of any claim by any person of any rights in any Marks and agree not to communicate with any person other than us, our attorneys, and your attorneys in connection with any such potential infringement, challenge or claim. We have the right to take such action as we deem appropriate and the right to control exclusively any litigation, United States Patent and Trademark Office ("**USPTO**") proceeding or any other administrative proceeding arising out of any such infringement, challenge or claim or otherwise relating to any Marks. You agree to sign all instruments and documents, render such assistance, and do such acts and things as, in the opinion

of our attorneys, may be necessary or advisable to protect and maintain our interests in any litigation or USPTO proceeding or other proceeding or otherwise to protect and maintain our interests in the Marks. We will reimburse you for your reasonable costs of taking any action that we have asked you to take pursuant to this Section 7.3.

7.4 Discontinuance Of Use Of Marks. We may at any time require you to modify or discontinue using any Mark and/or use one (1) or more additional or substitute Marks. You agree to replace the Marks at your Business with the modified, additional, or substitute Marks we specify and comply with all other directions we give regarding the Marks at your Business within a reasonable time after receiving notice from us. We are not required to reimburse you for any costs or expenses associated with making such changes, for any loss of revenue due to any modified or discontinued Mark, or for your expenses of promoting any modified or substitute Mark. Our rights in this Section 7.4 apply to any and all of the Marks (and any portion of any Mark) that we authorize you to use pursuant to this Agreement and our Methods of Operation. You acknowledge both our right to take these actions and your obligations to comply with our directions.

7.5 Indemnification Of Franchisee. We agree to reimburse you for all damages and expenses that you incur in responding to any trademark infringement proceeding disputing your authorized use of any Marks under this Agreement if you have timely notified us of the proceeding, complied with our directions in responding to the proceeding, and have used the Marks in accordance with the terms of this Agreement and our Methods of Operation; provided, however, we will not pay any of your attorneys' costs or fees if you hire your own attorney. At our option, we may defend and control the defense of any proceeding arising from your use of any Mark under this Agreement and our Methods of Operation.

8. CONFIDENTIAL INFORMATION.

8.1 Confidential Information. We possess (and will continue to develop and acquire), and may disclose to you either orally or in writing, certain proprietary and confidential information relating to the development and operation of Businesses (the "**Confidential Information**"), which may include:

(a) site selection criteria and methodologies;

(b) plans and specifications for the development of Businesses;

(c) the Methods of Operation and the Operations Manual;

(d) sales, marketing and advertising programs and techniques for Businesses;

(e) marketing research and promotional, marketing, advertising, public relations, customer relationship management, and other brand-related materials and programs for Businesses;

(f) knowledge of specifications for and suppliers of certain Operating Assets, products, materials and supplies (including Designated Products, as such term is defined below);

(g) knowledge of the operating results and financial performance of Businesses other than your Business;

(h) methods of training and management relating to Businesses;

(i) customer communication and retention programs, along with data used or generated in connection with those programs;

(j) computer system and software programs used or useful in Businesses;

(k) information generated by, or used or developed in, your Business' operation, including customer waivers and information relating to customers, such as customer names, addresses, telephone numbers, email addresses, membership information, buying habits, preferences, demographic information and related information, and any other information contained from time to time in the Technology System (collectively, "**Customer Information**"); and

(l) all other information related to the Business or Businesses generally that we reasonably designate from time to time as confidential or proprietary.

"Confidential Information" does not include: (i) information that is part of the public domain or becomes part of the public domain through no fault of yours, (ii) information disclosed to you by a third party having legitimate and unrestricted possession of such information, or (iii) information that you can demonstrate by clear and convincing evidence was within your legitimate and unrestricted possession prior to disclosure.

8.2 Nondisclosure of Confidential Information. We will disclose the Confidential Information to you solely for your use in the operation of your Business pursuant to this Agreement. The Confidential Information is proprietary to us and our Affiliates and includes our trade secrets. During the Term of this Agreement and thereafter, you and your Owners: (a) may not use the Confidential Information in any other business or capacity; (b) must exert your best efforts to maintain the confidentiality of the Confidential Information; (c) may not make unauthorized copies of any portion of the Confidential Information disclosed in written, electronic or other form; (d) must implement all reasonable procedures we prescribe from time to time to prevent unauthorized use or disclosure of the Confidential Information, including the use of nondisclosure agreements (in a form that we prescribe or approve that identifies us as a third party beneficiary of such agreements with the independent right to enforce such agreements) with your Owners, Responsible Person, officers, directors, managers, assistant managers, shift supervisors, and any other individuals who have access to the Confidential Information, which you must deliver to us; and (e) will not sell, trade or otherwise profit in any way from the Confidential Information, except using methods approved by us. Upon any expiration or termination of this Agreement, you and your Owners must deliver to us all such Confidential Information in your possession. You acknowledge and agree that you will not acquire any interest in Confidential Information, other than the right to utilize Confidential Information disclosed to you in operating the Business during the term of this Agreement, and that the use or duplication of any Confidential Information in any other business or capacity will constitute an unfair method of competition and a violation of this Agreement.

8.3 Personal Information.

(a) Protection of Personal Information. You must comply with our Methods of Operation, other directions from us, and all Applicable Laws (including privacy and data protection laws) regarding organizational, physical, administrative and technical measures and security procedures to safeguard the confidentiality and security of Personal Information on your Technology System or otherwise in your possession or control and, in any event, employ reasonable means to safeguard the confidentiality and security of Personal Information. You must further comply with the Payment Card Industry Data Security Standards at all times. "**Personal Information**" refers to any information that can be used to identify an individual, including names, contact information, financial information, and other personal information of or relating to customers and prospective customers of the Business.

(b) Breach or Unauthorized Access. If there is a suspected or actual breach of security or unauthorized access involving Personal Information, you must notify us immediately after becoming aware of such actual or suspected occurrence and specify the extent to which Personal Information was compromised or disclosed. You are responsible for any financial losses you incur or remedial actions that you must take because of a breach of security or unauthorized access to Personal Information in your control or possession.

(c) Ownership of Personal Information. You agree that all Personal Information that you collect in connection with your Business is a subset of Customer Information and shall be deemed to be owned by us and must be furnished to us at any time that we request it. In addition, we and our affiliates may, through the Technology System or otherwise, have independent access to Personal Information, in compliance with Applicable Laws.

(d) Use of Personal Information. You have the right to use Personal Information during the Term of this Agreement or any successor franchise agreement, but only to market approved products and services for your Business to customers in accordance with policies that we establish periodically and Applicable Laws. You may not sell, transfer, or use Personal Information for any purpose other than marketing approved products and services for your Business and in accordance with this Agreement and our Methods of Operation. We and our Affiliates may use Personal Information in any manner or for any legal purpose. You must secure all consents and authorizations from, and provide all required disclosures to, actual and prospective customers and other individuals as required by Applicable Laws to transmit Personal Information to us and our Affiliates and for us and our Affiliates to use such Personal Information.

9. CLOUDBOUND METHODS OF OPERATION.

9.1 Compliance With Methods of Operation. You acknowledge that each aspect of the interior and exterior appearance, layout, decor, services, and operation of your Business is important to protect our reputation and goodwill and to maintain uniform operating standards under the Marks. Any required standards exist to protect our interest in the System and the Marks and are not for the purpose of establishing any control, or the duty to take control, over those matters that are clearly reserved to you. You agree to operate and maintain the Business in full compliance with any mandatory specifications, standards, and operating procedures set forth in our Methods of Operation and Operations Manual, as we periodically modify and supplement them

during the term of this Agreement, relating to the appearance, function, cleanliness, or operation of a Business. Your Business may not be used for any purpose other than the operation of a Business in compliance with this Agreement. You agree that your Business will offer courteous and efficient service and a pleasant ambiance. You must keep the Business open for business to the public during the minimum hours we prescribe from time to time in the Operations Manual or otherwise approve, unless prohibited by Applicable Laws or by the lease for the Location. You expressly acknowledge and agree that our minimum required hours of operation as set forth in the Operations Manual may require you to keep the Business open for business on Sundays. You acknowledge and agree that such mandatory standards also include that you shall, under no circumstances, exceed the maximum capacity of the Business as determined by us, including maximum capacity for individual pieces of equipment, and that you must ensure at all times that your security camera system is operational and that we have independent access to such security camera system. You further acknowledge and agree that the maximum capacity set by us as described herein may be more stringent than maximum capacity requirements of Applicable Laws, but we have established the maximum capacity for safety reasons based on the size, layout and design of your Business.

9.2 Provisions Of This Agreement. You agree that the Methods of Operation prescribed from time to time in the Operations Manual, or otherwise communicated to you in writing or other tangible form, constitute provisions of this Agreement as if fully set forth herein. All references to this Agreement include the Operations Manual and all of the Methods of Operation as may be periodically modified.

9.3 Modification Of Methods Of Operation.

(a) You acknowledge and agree that we may modify the System and any of its Methods of Operation from time to time at our sole discretion as often, and in the manner, that we believe is necessary to best promote the System to the public. You shall, at your own cost and expense, promptly adopt and use only those parts of the System specified by us and shall promptly discontinue the use of those parts of the System which we direct are to be discontinued. You shall not change, modify, or alter the System in any way, except as we direct.

(b) You acknowledge and agree that changes and modifications that we may make to the System and any of its Methods of Operation may require you to make capital expenditures during the Term of this Agreement in amounts that we cannot forecast. Nothing in this Agreement limits the frequency or cost of future changes to the System that we may require. You understand and agree that we have no ability to identify with specificity the nature of these future general improvements or their expected cost and you accept the risk that future general improvements may be imposed that will require significant capital expenditures in an amount that is unknown as of the Effective Date of this Agreement and that cannot be fully amortized over the period of time then-remaining in the Term.

(c) We may allow other franchisees to deviate from the System and its Methods of Operation in individual cases in the exercise of our sole discretion. You understand and agree that you have no right to object to any variances that we may allow to ourselves, our Affiliates, or other franchisees, and that you have no claim against us for not enforcing the Methods of Operation

uniformly. You understand and agree that we have no obligation to waive, make exceptions to, or permit you to deviate from, the Methods of Operation or the System. Any exception or deviation that we permit in your favor must be stated in writing and executed by a duly-authorized representative of ours in order to be enforceable against us.

9.4 Condition Of Your Business.

(a) Maintenance. You must maintain the condition and appearance of your Business so that it is attractive, clean, and efficiently operated in accordance with the Operations Manual and our Methods of Operation. You agree to make such modifications and additions to the layout, decor, operations, and general theme of the Business as we require from time to time, including replacing worn-out or obsolete Operating Assets, repairing the interior and exterior and appurtenant parking areas, and periodic cleaning and redecorating. If at any time the general state of repair, appearance or cleanliness of your Business, or its Operating Assets, does not meet our standards, we may notify you and specify the action you must take to correct such deficiency. If, within ten (10) days after receiving such notice, you fail or refuse to initiate efforts to complete such required maintenance, we have the right (in addition to our rights under Section 15 (Termination of this Agreement), but not the obligation, to enter the Location and do such maintenance on your behalf and at your expense. You must promptly reimburse us for such expenses.

(b) Remodeling and Upgrades. You must periodically re-equip, upgrade and/or remodel your Business pursuant to our plans and specifications, provided, however, that, except for signage, we will not require substantial remodeling more often than every four (4) years during the Term of this Agreement. In addition, on or about the tenth (10^{th}) anniversary of the Effective Date, we have the right, in our business judgment, to require that you fully remodel and/or expand the Business, add or replace improvements, equipment and signs and otherwise modify the Business as we require to bring it into compliance with specifications and standards then applicable for Businesses. If you are unable to maintain possession of the Location, or if in our judgment the Business should be relocated, you must secure substitute premises we approve, develop such premises in compliance with specifications and standards then applicable for Businesses and continue to operate the Business at the Location until operations are transferred to the substitute premises.

(c) Repair and Reconstruction. If your Business is damaged or destroyed by fire or other casualty, you must initiate within thirty (30) days (and continue until completion) all repairs or reconstruction to restore your Business to its original condition. If, in our reasonable judgment, the damage or destruction is of such a nature that it is feasible, without incurring substantial additional costs, to repair or reconstruct your Business in accordance with our then-standard layout and decor specifications, we may require you to repair or reconstruct your Business in accordance with those specifications. You may not make any alterations to your Business, nor any replacements, relocations, or alterations of Operating Assets, without our written approval. We have the right, at your expense, to rectify any replacements, relocations or alterations not previously approved by us.

9.5 **Products and Services You May Offer**.

(a) Offerings. You agree that your Business will offer for sale such services, products, and merchandise related to the System that we determine from time to time to be appropriate for your Business. You further agree that your Business will not, without our written approval, offer any services, products (including promotional items), or Attractions not then authorized by us. In addition, you must offer the specific products, services, and Attractions that we require in the Operations Manual or otherwise in writing. You may sell products and services only in the varieties, forms, and packages that we have approved in accordance with our Methods of Operation. We may change these specifications periodically, and we may designate specific products, services, or Attractions as optional or mandatory. You must maintain a sufficient supply of required products to meet the inventory standards we prescribe in the Operations Manual (or to meet reasonably anticipated customer demand if we have not prescribed specific standards). Except as otherwise set forth in the Operations Manual, you may not install or operate any video, arcade, lottery games or games of chance, which are strictly prohibited from your Business.

(b) Test Marketing. We may conduct market research to determine consumer trends and salability of new services and products. You agree to cooperate by participating in our market research programs, test marketing new services and merchandise in your Business, and providing us timely reports and other relevant information regarding such market research. You must purchase a reasonable quantity of such test products and make a reasonable effort to sell them.

9.6 **Products, Supplies, Operating Assets, and Services**.

(a) Purchases. We have the right to require that products, supplies, Operating Assets, and services that you purchase for resale or purchase or lease for use in your Business: (i) meet standards and specifications that we establish from time to time; (ii) be a specific brand, kind, or model; (iii) be purchased or leased only from suppliers or service providers that we have expressly approved; and/or (iv) be purchased or leased only from a single source that we designate (which may include us or our Affiliates or a buying cooperative organized by us or our Affiliates). To the extent that we establish specifications, require approval of suppliers or service providers, or designate specific suppliers or service providers for items or services, we will publish our requirements in the Operations Manual or otherwise in writing. You will establish independent commercial relationships with our approved suppliers for specific items and with other suppliers for the goods and services for which we only provide specifications.

(b) Required Purchases from Us or Our Affiliates. During the Term of this Agreement, if we or any of our Affiliates is identified as the sole designated supplier for certain products, services, or supplies, as set forth in the Operations Manual or otherwise in writing, you must purchase such products, services, or supplies from us or our Affiliates (the "**Designated Products**"). We or our Affiliates may add or remove items from the list of Designated Products at any time. You acknowledge that your agreement to comply with the foregoing sourcing requirements from us or our Affiliates is a material condition upon which this Franchise is granted. Further, to maintain the high standards of quality and uniformity associated with the System, you acknowledge that the purchase and use of such Designated Products is an integral part of operating

the Business. If we or our Affiliates are unable to offer any Designated Products, we may designate required or approved suppliers for these items.

(i) Availability. Contingent upon the availability of Designated Products, we and our Affiliates will use commercially reasonable efforts to supply such Designated Products to you within a reasonable time after the receipt of said orders, provided, however, that neither we nor our Affiliates warrant that: (A) we or our Affiliates will be able to fulfill all orders, or (B) that any Designated Products will be available to you by your requested dates, if any.

(ii) Designated Product Pricing. Subject to Applicable Laws and to protect the quality of the System and its reputation and goodwill, we and our Affiliates reserve the right to establish and have exclusive control over the prices, discounts, specifications, and all other terms and conditions governing the sale of Designated Products, including Attractions, to you. Pricing for Designated Products is subject to change at any time or from time to time by us or our Affiliates effective upon written notice to you. Generally, prices will change in connection with manufacturers' price changes, tariffs, or based upon increases in the cost of oil, steel or other raw materials. Section 9.11 (Pricing Policies) sets forth information about our abilities to periodically set maximum or minimum advertised pricing for the products or services offered at your Business.

(iii) Terms of Purchase. All purchases of products, supplies and equipment from us or our Affiliates must be personally guaranteed by the Guarantors hereto. The terms of payment will be established by us and our Affiliates from time to time.

(c) Revenue from Purchases. You acknowledge and agree that we and/or our Affiliates may derive revenue based on your purchases and leases, including from any Designated Product sales and from promotional allowances, volume discounts, and other payments made to us by third-party manufacturers, suppliers and/or distributors that we designate or approve for some or all our franchisees. We and our Affiliates may use all amounts received from suppliers and/or distributors, whether based on your or other franchisees' actual or prospective dealings with them, without restriction for any purposes we or our Affiliates deem appropriate. If you intend to derive any revenue based on payments or promotional allowances received from suppliers and/or distributors, you must report the proposed arrangement and accompanying details to us prior to formalizing such arrangement and if approved, such revenue shall be included as part of your Gross Sales.

(d) Approval Process. If you would like to offer products, services, or classes or use any supplies, Operating Assets, services, suppliers or service providers that we have not approved, you must submit a written request for approval and provide us with any information that we request. We have the right to inspect the proposed supplier's facilities and test samples of the proposed products and to evaluate the proposed service provider and the proposed service offerings. We may require the proposed supplier or service provider to visit our headquarters to evaluate the proposed supplier or service provider in person. You agree to pay us a charge not to exceed the reasonable cost of the inspection and our actual costs of testing the proposed product or evaluating the proposed service or service provider, including Travel and Living Expenses for our personnel, whether or not the product, service, supplier, or service provider is approved. We have the right to grant, deny, or revoke approval of products, services, suppliers, or service

providers based solely on our judgment. We will notify you in writing of our decision as soon as practicable following our evaluation. If you do not receive our approval within ninety (90) days after submitting all the information that we request, our failure to respond will be deemed a disapproval of the request. You acknowledge that the products and services that we approve for you to offer or use in your Business may differ from those that we permit or require to be offered or used in other Businesses.

(e) Revocation of Approval. We reserve the right to reinspect the facilities and products of any approved supplier at any time. We may, with or without cause, revoke our approval of any supplier or service provider or otherwise revise our supplier approval process at any time. If we revoke our approval for a supplier or service provider, you must immediately stop purchasing products, supplies, or services from such supplier. If we revoke approval of a previously approved product that you have been selling to customers or a service that you have been offering to customers, you must immediately discontinue offering the service and may continue to sell the product only from your existing inventory for up to thirty (30) days following our disapproval. We have the right to shorten this period if, in our opinion, the continued sale of the product would prove detrimental to our reputation or to the goodwill and reputation of the System. After the thirty (30) day period, or such shorter period that we may designate, you must dispose of your remaining formerly approved inventory as we direct.

9.7 Compliance With Laws. You must secure and maintain in force in your name all required licenses, permits, and certificates relating to the operation of your Business. You must operate your Business in full compliance with all Applicable Laws. You agree to comply and assist us in our compliance efforts with any Applicable Laws. You must notify us in writing immediately upon the commencement of any legal or administrative action, or the issuance of an order of any court, agency, or other governmental instrumentality, which may adversely affect the development, occupancy or operation of your Business or your financial condition; or the delivery of any notice of violation or alleged violation of any Applicable Law, including those relating to health or sanitation at your Business. In all dealings with us, as well as fellow franchisees, customers, suppliers, lessors, and the public, you must adhere to the highest standards of honesty, integrity, fair dealing, and ethical conduct. You agree to refrain from any business or advertising practice which may be injurious to our business, to the business of other Businesses or to the goodwill associated with the Marks and System. You agree that you are solely responsible for ensuring compliance with developing ASTM standards for the safe operations of indoor play facilities for young children as such standards may be updated from time to time.

9.8 Personnel.

(a) Your Responsibility. You are solely responsible for all employment decisions with respect to your personnel, including hiring, firing, compensation, benefits, training, supervision, and discipline, regardless of whether you receive any recommendations or other guidance from us on any of these subjects. To the extent that we elect to provide any sample employment-related policies or procedures or security-related policies or procedures to you within the Operations Manual or otherwise, such policies and procedures are optional. You shall determine to what extent, if any, such sample policies and procedures may be applicable to your operations at the Business. Any training that we provide to your employees will be limited to

teaching brand standards and related information to promote the quality and uniformity associated with the System. You must perform background checks (meeting the standards we set forth in the Operations Manual, which may change from time to time based on insurance carriers' requirements or safety standards we prescribe) for all employees you hire and periodically update such background checks as specified in the Operations Manual. These requirements may affect who you may hire.

(b) Management. Your Business must be staffed by at least one (1) trained general manager and appropriate numbers of assistant managers, team leads, and personnel so that all shifts are staffed by at least one (1) assistant manager or team lead, unless otherwise approved by us.

9.9 Insurance.

(a) Master Insurance Program. In conjunction with our broker and underwriting partners, we and our Affiliate, Cloudbound Holdings, LLC, have developed an insurance and risk management program, which we may amend from time to time in our sole discretion (the "**Master Insurance Program**"). You agree to participate in the Master Insurance Program and any subsequent or additional mandatory insurance program we or our Affiliates may create. You also agree to pay via EFT, on a monthly basis, your allocated share of Master Insurance Program costs (the "**Total Cost of Risk**"), which third-party insurance carriers determine in their sole discretion. Third-party insurance carriers typically recalculate the Total Cost of Risk every six (6) to twelve (12) months (each six (6) or twelve (12)-month period, a "**Coverage Period**"), at which time the Total Cost of Risk may increase or decrease. We or our broker on our direction will notify you of your Total Cost of Risk prior to the commencement of each Coverage Period. Additionally, if a third-party insurance carrier cancels your coverage during a Coverage Period or upon its conclusion, your Total Cost of Risk may increase or decrease in connection with obtaining coverage from a replacement insurance carrier. We and our Affiliates may use or distribute any Total Cost of Risk payments that we collect from you that are related to the Master Insurance Program for any purpose, without limitation. We cannot guarantee the sufficiency of the Master Insurance Program to cover all losses. If your state requires greater coverage amounts than that offered in the Master Insurance Program, you must obtain and maintain any additional coverage as required by your state.

(b) The continuation of the Master Insurance Program is dependent on many factors and nothing herein shall constitute a guarantee or promise that we will continue to offer the Master Insurance Program, or any particular coverage or service included therein, that the Total Cost of Risk or any other fees related to the Master Insurance Program will remain the same, or that the Master Insurance Program will continue being offered during the Term of this Agreement or for any other time period. We reserve the right to discontinue or modify the Master Insurance Program at any time and may require you to participate in additional or replacement mandatory insurance programs. If we at any time discontinue, or reduce the scope of, the Master Insurance Program, you will be required to buy and maintain at your own expense, insurance with at least the same level of coverage as provided under the then current Master Insurance Program, from an approved supplier of general liability and excess insurance. In addition, without limiting any rights we have reserved in Section 9.9(a) above, we reserve the right to implement new insurance

programs in which you must participate at your sole cost and expense, including programs made available by a captive self-insured retention company.

(c) Notwithstanding the Master Insurance Program, during the Term, you must maintain in force at your sole expense insurance coverage for the Business in the amounts, and covering the risks, we periodically specify in the Operations Manual. We may require some or all your insurance policies to provide for waiver of subrogation in favor of us and certain of our Affiliates. Your insurance carriers must be licensed to do business in the state in which the Business is located and be rated "A" or higher by A.M. Best and Company, Inc. (or such similar criteria we periodically specify). Insurance policies must be in effect before you begin constructing the Business. We may periodically increase the amounts of coverage required under those insurance policies and/or require different or additional insurance coverage at any time we deem necessary or appropriate to reflect, among other factors, inflation, identification of new risks, changes in Applicable Laws or standards of liability, higher damage awards, or relevant changes in circumstances. Insurance policies must name us and any Affiliates we periodically designate as additional insureds and provide for no less than thirty (30) days' prior written notice to us of any policy's material modification, cancellation, or non-renewal or any non-payment. You must periodically, including before the Business opens, send us a valid certificate of insurance or duplicate insurance policy evidencing the coverage specified here or in the Operations Manual and the payment of premiums. We will require you to use our designated insurance broker or vendors, which may include us or our Affiliates, to facilitate your compliance with these insurance requirements. We have the right to obtain insurance coverage for the Business at your expense if you fail to do so, in which case you must reimburse our costs in a timely fashion. We also have the right to defend claims in our sole discretion.

(d) You must, at your sole cost and expense, procure, prior to the commencement of construction or any operations under this Agreement, and shall maintain insurance of the types and in such amounts as may be required below or as set forth in the then-current Operations Manual, and by the terms of any lease, sublease, mortgage or deed of trust for the Business and in no event less than the following coverage in the following minimum amounts:

(i) Workers compensation with minimum amounts as required by Applicable Law (with All States Broad Form);

(ii) Participation in the Master Insurance Program, or if such program is discontinued, comprehensive general liability coverage in an amount not less than a total liability limit of $6,000,000 between primary and excess liability policies with an "A" AM Best rated carrier. Such coverage must include: (a) Personal and advertising injury limits of $2,000,000, inclusive of bodily injury to or death of one or more persons; (b) Property insurance including damage or destruction and builder's risk with limits of $2,000,000; (c) Product liability and completed operation liability limits of $2,000,000; (d) Broad form contractual liability, specifically including the indemnification of us and our Affiliates; (e) Fire legal liability; (f) Sexual Misconduct Liability by endorsement to such policy; and (g) hired and non-owned automobile liability limits of $2,000,000; and

(iii) Excess or umbrella liability insurance with limits of not less than $3,000,000 per occurrence and $1,000,000 excess over $5,000,000 aggregate with an "A" AM Best rated carrier.

(iv) Employer's Liability Limits of $1,000,000 per accident/$1,000,000 per disease; $1,000,000 per employee.

(e) Notwithstanding anything to the contrary in this Section 9.9, we may, from time to time, in our sole discretion, make such changes in minimum types of policies, policy limits, coverage, endorsements and other provisions as it may determine.

(f) Regardless of the Master Insurance Program or the amounts set forth in this Agreement or the Operations Manual, it is your responsibility to maintain adequate insurance coverage at all times during the term of and after the expiration of this Agreement, so that coverage, including but not limited to any policies that are on a "claims made" basis, which through the purchase of an extended reporting endorsement (i.e., "tail" insurance) will be in effect for acts or omissions that occurred prior to the termination of the policy and are reported within a twenty-four (24) month period following the end of the policy period.

i. All general liability insurance policies will provide that we must receive no less than thirty (30) days prior written notice of any termination, expiration or cancellation of the insurance policy. Each insurance policy maintained by you for the Business must: (a) name you as the first named insured; (b) must name us, and our Affiliates, successors, and assigns as additional insureds; (c) include a waiver of the insurer's right of subrogation against any additional insureds; and (d) provide coverage for your indemnification obligations under this Agreement**.**

ii. If you fail to maintain such insurance, we may procure such insurance on behalf of you, and will be entitled to reimbursement from you, in addition to any other rights and remedies under this Agreement. However, we are not obligated to obtain such insurance on behalf of you.

iii. You should determine, through consultation with your advisors, if additional insurance is necessary, and you recognize that any coverage types and amounts levels specified by us are merely minimum requirements.

iv. Your failure to maintain coverage will not relieve you of any contractual responsibility or obligation or liability under this Agreement.

v. You must use an approved supplier for general liability and excess insurance, but all other insurance may be obtained from any licensed insurance agent or broker.

(g) Business Interruptions. For any interruption in the operation of the Business, you shall continue to pay us, during such period of interruption, continuing Royalty Fees based on the average monthly Royalty Fees paid by you during the twelve (12) months immediately preceding the period of interruption if you have business interruption insurance.

9.10 Quality Control. We have the right to establish "quality control" programs, including but not limited to mystery or secret shopper programs, customer satisfaction programs, client surveys, and/or "customer intercept" programs, to ensure the highest quality of service and products in all Businesses. You shall participate in all such quality control programs we designate and we reserve the right to seek reimbursement of all associated costs and expenses.

9.11 Pricing Policies. Subject to Applicable Laws, we may periodically set a maximum or minimum price that you may advertise for products and services offered by your Business (as set forth in the Operations Manual or otherwise in writing from time to time). If we impose a maximum advertised price for any product or service, you may not advertise a higher price for the product or service than the maximum advertised price we impose. If we impose a minimum advertised price for any product or service, you may not advertise a lower price for such product or service than the minimum advertised price we impose. Further, you must comply with any advertising policy we adopt which may prohibit you from advertising any price for a product or service that is different than our suggested retail price. You must provide us with your current price list upon our request. If you wish to discount your Business' standard visit pricing, you must submit such requests for our approval in accordance with Section 10.2(b) herein to ensure compliance with our marketing and advertising policies.

9.12 Technology System.

(a) Use of Technology System. You must obtain, maintain, and use the Technology System that we specify in your Business. You must use the Technology System to: (i) enter and track purchase orders and receipts, attendance, and Customer Information, (ii) update inventory, (iii) enter and manage customers' Personal Information, (iv) create management contracts, (v) generate sales reports and analysis relating to the Business, (vi) manage waivers, and (vi) provide other services relating to the operation of the Business. If we require you to use any proprietary software or to purchase any software from a designated vendor, you must execute and pay any fees associated with any software license agreements or any related software maintenance agreements that we or the licensor of the software require.

(b) Changes to Technology System. We may add, remove, or modify components of the Technology System periodically and may designate approved suppliers or specifications for such items. You must replace, upgrade, or update the Technology System at your expense as we may require periodically without limitation. You may be required to invest in and implement new technology initiatives at your own expense, which may include implementing new payment methods, monitors, music, Internet TV broadcasts, software management applications, surveillance systems, e-learning modules, and software applications designed to better manage business functions and control costs. We will establish reasonable deadlines for implementation of any changes to our Technology System requirements.

(c) Restrictions on Technology System. You agree: (i) that your Technology System will be dedicated for business uses relating to the operation of the Business; (ii) to use the Technology System in accordance with our policies and operational procedures; (iii) to transmit financial and operating data to us as required by the Operations Manual and this Agreement; (iv) to do all things necessary to give us unrestricted access to the Technology System at all times

(including users IDs and passwords, if necessary) so that we may independently download and transfer data via a modem or other connection that we specify; (v) to maintain the Technology System in good working order at your own expense; (vi) to ensure that your employees are adequately trained in the use of the Technology System and our related policies and procedures; and (vii) not to load or permit any unauthorized programs or games on any hardware included in the Technology System. If you use or download any unauthorized software, you shall be liable for all damages and problems caused by the unauthorized software in addition to the other remedies provided under this Agreement.

(d) Security Cameras. As part of the Technology System, you must install and maintain security cameras to our specifications that will be used to ensure that quality and safety standards are maintained at the Business. You must additionally record and retain all video recordings from your security camera system for at least one (1) year. You must ensure that your security camera system is always operational and that we have independent access to your security camera system and video recordings at all times. You must ensure that you have obtained or provided all notices, disclosures, and consents required by privacy laws and other Applicable Laws in operating and providing us with access to the security camera system.

(e) Digital Communication. You must, at your expense, communicate electronically with us, using methods that we designate, including e-mail and use of our Intranet. Your right to participate in the Cloudbound™ web site or any intranet system we may develop or otherwise use the Marks or System on the Internet or other on-line communicators terminates when this Agreement expires or terminates.

(f) Media. We reserve the right to require you to present music, movies, television and other media at the Business. You may be required to pay your pro-rata share of music, movie, and other media licensing fees to show or otherwise present media at your Business. If we have not identified any approved vendors for media content and the display of such media content is not otherwise prohibited by our Methods of Operation, you are solely responsible for ensuring that you have paid all necessary licensing fees to show or otherwise present such media content at your Business.

9.13 Reciprocal Membership/Coupons

(a) You must offer and sell rights of access to your Business, referred to individually as a "**Membership**" or collectively as "**Memberships**." All Memberships must be evidenced by a written agreement (a "**Membership Agreement**") and may not be for a term that extends beyond the expiration of this Agreement. When selling Memberships, you will use the form of Membership Agreement that we will provide to you, and you must make modifications to the form to ensure it complies with all Applicable Laws for your Business, subject to our final written approval. We may modify the types and terms of Memberships to be offered, terminate your right to offer certain types of Memberships, and/or approve or require other types of Memberships for sale at any time, including before your Business opens for use by customers.

(b) You will only offer Memberships for sale in strict compliance with our Methods of Operation, which may regulate, among others, the following topics: (1) the types and terms of Memberships you may offer; (2) the form(s) of Membership Agreement; (3) the terms

and conditions upon which a customer may transfer their Membership from your Business to another Business and vice versa; (4) admission of clients of your Business to other Businesses, or vice versa, including payment allocations due to Businesses which provide services (if any); (5) procedures to follow when customers transfer to or from your Business; (6) use and acceptance of coupons, passes, and certificates related to Memberships; (7) group accounts and group Memberships (and discounts applicable thereto); and (8) payment terms for Memberships.

(c) You agree, upon notice from us, to accept any Memberships we assign to you, honor those Memberships on the terms and conditions of the existing Membership Agreements, and to accept as remuneration only such payments as accrue pursuant to the applicable Membership Agreement from the time of assignment.

(d) You must participate fully in any reciprocal access program or company discount coupons that we may design or implement. You agree and acknowledge that when a person redeems any discounted coupons at your Business or uses your Business pursuant to a reciprocal access program, you may not be entitled to reimbursement for Membership fees or the cost of goods or services provided to the member as a reciprocal access benefit.

9.14 Non-Compliance. While the day-to-day operation of your Business and the safety and well-being of customers is your responsibility, we reserve the right to turn off your access to the point-of-sale system and other components of the Technology System, or limit the number of guests who can simultaneously be entered through the point-of-sale system if we believe the safety or well-being of any customers are in danger, or if there are other significant quality breaches in the operation of your Business. Any such business interruption shall be without liability to us, and we will not be responsible for any lost profits or other damages you sustain.

9.15 Innovations. All ideas, concepts, procedures, techniques, materials, or processes relating to a Business or the System ("**Innovations**"), whether or not protectable intellectual property and whether created by or for you or your Owners or employees, must be promptly disclosed to us and will be deemed to be our sole and exclusive property, part of the System, and works made-for-hire for us. To the extent any Innovation does not qualify as a "work made-for-hire" for us, you must assign ownership of that Innovation, and all related rights to that Innovation, to us and agree to sign (and to cause your Owners, employees, and contractors to sign) whatever assignment or other documents we request to evidence our ownership or to help us obtain intellectual property rights in the Innovation. We and our Affiliates have no obligation to make any payments to you or any other person with respect to any Innovations. You may not use any Innovation in operating the Business or otherwise without our prior approval.

9.16 General Conduct. You will not, and will not allow your Owners or employees to, engage in conduct that, in our sole determination, may result in or tends to: (a) degrade, offend, shock, or insult the community, fellow franchisees, suppliers, customers, our employees and those of our Affiliates, or other third-parties, (b) ridicule public morals or decency, or (c) prejudice or harm us, our Affiliates, the Marks, or the System generally. You will, and will ensure that your Owners and employees, conduct yourself and themselves with due regard to public conventions and morals.

9.17 Safety and Security Procedures. You are solely responsible for taking appropriate security and safety measures to protect your employees, customers, those engaging in business with you, those coming on the premises of the Business, and the public at large. We do not in any way share any of that responsibility. You are responsible for ensuring that your customer waiver forms comply with all Applicable Laws and you may modify the customer waiver forms to the extent necessary to comply with such Applicable Laws, provided that you provide us with immediate written notice of all such modifications.

10. MARKETING.

10.1 National Advertising.

(a) **National Advertising Fund**. Recognizing the value of advertising and marketing to the goodwill and public image of Businesses and the Cloudbound™ brand, we have established and administer a National Advertising Fund ("**NAF**") for the creation and development of marketing, advertising and related programs and materials, including electronic, print and Internet media as well as the planning and purchasing of network advertising. You agree to contribute the Ad Fee to the NAF as further set forth in Section 5.3 (Ad Fee). We will direct all programs financed by the NAF and we retain the right to determine the creative concepts materials and endorsements used therein and the geographic market and media placement and allocation thereof.

(b) **Use of Funds**. You agree that the NAF may be used to pay the costs of researching, developing, administering and preparing point-of-sale and direct sales advertising and marketing strategy materials for use by the Cloudbound™ brand and Businesses, including preparing and producing video, audio and written advertising materials; website design, development and updating; electronic advertising efforts, including search engine optimization and social media networks and related platforms; administering regional and multi-regional advertising programs, including purchasing direct mail and other media advertising; administrative and other costs associated with all NAF efforts; and employing advertising, promotion and marketing agencies to assist therewith and supporting public relations, market research and other advertising promotion and marketing activities and amounts expended pursuant to this Section. All payments, plus income earned therefrom, shall be used exclusively for the above-stated purposes, and shall not be used to defray any of our general operating expenses, except for reasonable salaries, administrative costs, travel expenses, overhead, and similar expenses we may incur in activities related to the administration of the NAF and all costs of development and preparing advertising materials for use within the System.

(c) **Materials**. We will furnish you with samples of advertising, marketing formats, promotional formats and other materials produced by the NAF at no additional cost to you when we deem appropriate. Multiple copies of such materials will be furnished to you at your direct cost of producing them plus any related shipping handling and storage charges.

(d) **Accounting**. The NAF will be accounted for separately from our other funds. The NAF will have the right to negotiate and retain any commissions or marketing payments received from suppliers of any marketing or other materials or products. We may spend on behalf of the NAF, in any fiscal year, an amount that is greater or less than the aggregate contribution of

all Businesses to the NAF in that year and the NAF may borrow from us or others to cover deficits or invest any surplus for future use. All interest earned on monies contributed to the NAF will be used to pay advertising costs before other assets of the NAF are expended. We are not required to audit the NAF. We will prepare an annual unaudited statement of monies collected and costs incurred by the NAF and furnish the statement to you upon reasonable written request. We have the right to cause the NAF to be incorporated or operated through a separate Entity at such time as we deem appropriate and such successor Entity will have all of the rights and duties specified herein. We do not act as trustee or in any other fiduciary capacity with respect to the NAF.

(e) **Proportionality**. You acknowledge that the NAF is intended to maximize recognition of the Marks and patronage of Businesses. Although we will endeavor to utilize the NAF to develop advertising and marketing materials and programs and to place advertising that will benefit all Businesses, we are not obligated to ensure that expenditures by the NAF in or effecting any geographic area are proportionate or equivalent to the contributions to the NAF by Businesses operating in that geographic area, nor are we under any obligation to ensure that any particular Business will benefit directly or in proportion to its NAF contributions paid to the NAF from the development of advertising and marketing materials or the placement of advertising. Except as expressly provided in this Section, we assume no direct or indirect liability or obligation to you with respect to collecting amounts due to, or maintaining, directing, or administering the NAF.

(f) **Deferrals Or Reductions**. We may forgive, waive, settle, and compromise all claims by or against the NAF. We reserve the right to defer or reduce contributions of any franchisee and, upon thirty (30) days' prior written notice to you, to reduce or suspend your payment of contributions to the NAF and suspend operations of the NAF for one or more periods of any length and to terminate (and if terminated to reinstate) the NAF. If the NAF is terminated, all unspent monies on the date of termination will be distributed to our franchisees in proportion to their respective contributions to the NAF during the preceding three (3) month period, and amounts required to be paid by you pursuant to Sections 5.3 (Ad Fee) and 10.1 (National Advertising) shall be added to amounts required to be expended by you pursuant to Section 10.2 (Local Advertising).

10.2 Local Advertising.

(a) **Obligation to Advertise**. You must participate in such advertising, promotional, and community outreach programs that we may specify from time to time at your own expense. You must use your best efforts to promote the use of the Marks in your Protected Territory. You must ensure that all your advertising, marketing, promotional, customer relationship management, public relations and other brand related programs and materials that you or your agents or representatives develop or implement relating to the Business are completely clear, factual, and not misleading, comply with all Applicable Laws, and conform to the highest ethical standards and the advertising and marketing policies that we periodically specify. Any media advertising or direct mail marketing that you conduct must be predominantly focused within your Protected Territory unless we agree otherwise. There are no territorial restrictions from accepting business from retail customers that reside or work or are otherwise based outside of your Protected Territory if these customers contact you, but we reserve the right to implement Methods

of Operation regarding soliciting such customers in the future in the Operations Manual or otherwise in writing.

(b) **Approvals**. You must obtain our advance written approval prior to using or producing any advertising or marketing materials using any of the Marks, in whole or in part. If you elect to work with an advertising agency, you must obtain our written approval of such advertising agency before you sign any contracts or share any Confidential Information with such advertising agency. You agree to conduct all advertising in conformity with the standards and requirements we specify in the Operations Manual. We will have the final decision on all creative development of advertising and promotional messages and materials. If you wish to use any advertising and promotional materials which were not prepared or previously approved by us during the preceding twelve (12) months, you must submit samples of your proposed materials to us for our approval at least thirty (30) days prior to their intended use. If we do not provide our written approval within fifteen (15) days from the date we receive your samples, our failure to respond will be deemed a disapproval of the request. We will own the copyright to anything so submitted, whether approved by us or not, and you hereby assign ownership of all such materials and all intellectual property and related rights therein to us, and agree to sign (and to cause your Owners, employees, and contractors to sign) whatever assignment or other documents we request to evidence our ownership or to help us obtain intellectual property rights and waive moral rights in the materials. We reserve the right to require you to discontinue the use of any advertising or marketing materials at any time. We reserve the right to require you to include certain language in your local advertising materials about Cloudbound™ franchise opportunities.

(c) **Local Advertising Funding Requirement**. In addition to the Ad Fees and the Grand Opening Marketing Expense, you must spend at least Twelve Thousand Dollars ($12,000) on local advertising and promotional activities in your Protected Territory during the first month following the opening of your Business. Thereafter, you must spend a minimum of four percent (4%) of the Business' Gross Sales per month on local advertising (the "**Local Advertising Funding Requirement**").

(d) **Valid Expenditures**. The following expenditures may count towards your Local Advertising Funding Requirement: (i) amounts contributed to advertising Cooperatives (as defined below); (ii) amounts spent by you for advertising media, such as television, radio, Internet, newspaper, billboards, posters, direct mail, collateral and promotional items, advertising on public vehicles (transit and aerial), and (iii) if not provided by us, the cost of producing approved materials necessary to participate in these media. The following expenses do not count towards your Local Advertising Funding Requirement: (a) permanent on-premises signs, whether featured on the interior or exterior of the Business, (b) personnel salaries or administrative costs, (c) transportation vehicles (even though such vehicles may display the Marks), (d) discounts, (e) free offers, and (f) any employee incentive programs you develop and offer. Notwithstanding the foregoing, we have the right to modify or designate in the Operations Manual the types of expenditures that will or will not count toward the Local Advertising Funding Requirement.

(e) **Payment to Us**. At our request, you must submit appropriate documentation to verify your compliance with the Local Advertising Funding Requirement. If you fail to spend (or prove that you spent) the Local Advertising Funding Requirement in any month, then we may,

in addition to and without limiting our other rights and remedies, require you to pay us the shortfall as an additional Ad Fee or to pay us the shortfall for us to spend on local marketing for your Business. In addition, we may require you to pay the Local Advertising Funding Requirement to us to administer your local advertising if, in our business judgment, we determine that: (i) your Business is under-performing, (ii) our participation is appropriate or necessary, or (iii) you have failed to comply with the Local Advertising Funding Requirement. If we require you to pay the Local Advertising Funding Requirement to us, you must pay it in the same manner and at the same time as the Royalty Fees.

10.3 **Advertising Cooperatives**. We have the right to establish or approve local and/or regional advertising cooperatives for Businesses, covering such geographical areas as we may designate from time to time (each a "**Cooperative**"). You must participate in any such Cooperative and its programs and abide by its by-laws. If your Business is within the geographic area of an existing Cooperative at the time your Business opens for business, you agree to immediately become a member of the Cooperative. If a Cooperative applicable to your Business is established during the term of this Agreement, you agree to become a member no later than thirty (30) days after the date approved by us for the Cooperative to commence operation. The following provisions shall apply to each Cooperative:

(a) Each Cooperative shall utilize a voting system of one (1) vote per one (1) eligible Business.

(b) Each Cooperative shall be organized and governed in a form and manner, and shall commence operations on a date, approved in advance by us in writing. No changes in the by-laws or other governing documents of a Cooperative shall be made without our prior written consent. We shall have the right to unilaterally change the by-laws or other governing documents of a Cooperative.

(c) Each Cooperative shall be organized for the exclusive purpose of administering advertising programs and, subject to our approval, developing promotional materials for use by the members in the Cooperative.

(d) No advertising or promotional plans or materials may be used by a Cooperative or furnished to its members without prior approval by us in accordance with the procedure and standards set forth in Section 10.2(b) (Approvals).

(e) You and each other member of the Cooperative shall contribute to the Cooperative, using a collection structure selected and established by us, the amount determined in accordance with the Cooperative's by-laws. Any Businesses owned by us or any of our Affiliates located in such designated local or regional geographic area(s) will contribute to the Cooperative on the same basis as Businesses which are owned and operated by franchisees. At our request, you shall furnish us with copies of such information and documentation evidencing your Cooperative contributions. Contributions to such Cooperatives will be credited towards your Local Advertising Funding Requirement; however, if we provide you and your Cooperative ninety (90) days' notice of a special promotion, including any regional promotions, you must participate in such promotion and pay to us any special promotion advertising fees assessed in connection therewith, beginning on the effective date of such notice and continuing until such special promotion is concluded. Any

such special promotion advertising fees shall be in addition to, and not credited towards, the other advertising expenditures and commitments required of you pursuant to this Section 10, including your Local Advertising Funding Requirement. Any special promotion advertising fees will not be more than our costs plus twenty percent (20%) during the Term of this Agreement.

10.4 Community Marketing Programs. You must participate in, at your expense, any guerrilla marketing programs and campaigns that we develop and administer from time to time and specify in our Operations Manual or other communications with you. Community marketing may additionally include participation in community events, street fairs, seasonal events and festivals, farmers markets and sponsorships of adult and children's sports teams. You must also sponsor local fundraising events by making your Business available as a venue for such events.

10.5 Digital Marketing.

(a) **Restrictions on Use**. We or our Affiliates may, in our sole discretion, establish and operate websites, social media accounts (such as Facebook®, X/Twitter®, Bluesky®, LinkedIn®, Yelp®, Instagram®, Pinterest®, YouTube®, TikTok®, etc.), applications, keyword or ad word purchasing programs, accounts with websites featuring gift certificates or discounted coupons (such as Groupon®, Living Social®, etc.), mobile applications, or other means of digital advertising on the Internet or any electronic communications network (collectively, **"Digital Marketing"**) that are intended to promote the Marks, your Business, and the System. We will have the sole right to control all aspects of any Digital Marketing, including those related to your Business. Unless we consent otherwise in writing, you and your employees may not, directly, or indirectly, conduct or be involved in any Digital Marketing that use the Marks or that relate to the Business or the System. You may not separately register any domain name, create any username, or operate any web site containing any of the Marks without our written approval. If we do permit you or your employees to conduct any Digital Marketing, you or your employees must comply with any policies, standards, guidelines, content requirements, or vendor requirements that we establish periodically and must immediately modify or delete any Digital Marketing that we determine, in our sole discretion, is not compliant with such policies, standards, guidelines, or requirements. We may withdraw our approval for any Digital Marketing at any time.

(b) **Our Website**. As part of our Digital Marketing, we or one of our designees will operate and maintain a Cloudbound™ website, which will include basic information related to the Business. You must promptly provide us with any information that we request regarding your Business for inclusion on the website. We retain all rights relating to the Cloudbound web site and may alter or terminate the website.

11. RECORDS, REPORTS AND FINANCIAL STATEMENTS.

11.1 Records. You agree to establish and maintain at your own expense a bookkeeping, accounting and record-keeping system conforming to the requirements and formats we prescribe from time to time. You agree to prepare and to maintain for three (3) years (or for such longer periods as may be required by Applicable Laws) complete and accurate books, records (including invoices and records relating to your advertising expenditures) and accounts (using our then-current standard chart of accounts) for your Business, copies of your sales tax returns and such portions of your state and federal income tax returns as relate to your Business. All such books

and records shall be kept at your principal address indicated on **Appendix A**, unless we otherwise approve. You must record all sales using the Technology System, which we have the independent right to access at any time. All data pertaining to your Business, and all data you create or collect in connection with the System, or in connection with your operation of the Business (including Customer Information) or otherwise provided by you (including data uploaded to, or downloaded from your Technology System) is and will be owned exclusively by us, and we will have the right to use such data in any manner that we deem appropriate without compensation to you. Such data will be part of the Confidential Information. We hereby license use of such data back to you for the term of this Agreement, at no additional cost, solely for your use in connection with the Business conducted under this Agreement.

11.2 Periodic Reports. You must furnish to us, in the manner and format(s) that we prescribe from time to time:

(a) within thirty (30) days after the end of each fiscal quarter, a quarterly balance sheet and income statement and statement of cash flow of your Business for such quarter, reflecting any adjustments and accruals;

(b) within ninety (90) days after the end of each fiscal year, a year-end balance sheet and income statement and statement of cash flow of your Business for such year, reflecting all year-end adjustments and accruals; and

(c) within thirty (30) days of our request, such other information as we may require from time to time, including sales data and labor cost reports and sales and income tax statements. All such reports shall use our then-current standard chart of accounts.

11.3 Verification. You agree to verify and sign each report and financial statement in the manner we prescribe. We reserve the right to require that your annual financial statements be audited, at your expense, by an independent certified public accountant approved by us. We reserve the right to publish or disclose information that we obtain under this Section in any data compilations, collections, or aggregations that we deem appropriate so long as we do not disclose information relating to performance of your individual Business, unless such disclosure is required by Applicable Laws or order of a court.

12. INSPECTIONS AND AUDITS.

12.1 Our Right To Inspect The Business. To determine whether you and the Business are complying with this Agreement and Methods of Operation, we and our designated agents have the right at any time during your regular business hours, and without prior notice to you, to:

(a) inspect the Business;

(b) observe, photograph and videotape the operations of the Business for such consecutive or intermittent periods as we deem necessary;

(c) remove samples of any products, materials or supplies for testing and analysis;

(d) interview personnel and customers of the Business;

(e) inspect and copy any books, records (whether electronic or hard copy) and documents relating to your operation of the Business, including Customer Information;

(f) retrieve such data and information from your security camera system or other components of the Technology System, including obtaining such information from third parties or vendors.

12.2 Cooperation. You agree to cooperate with us fully in connection with any such inspections, observations, photography, videotaping, product removal and interviews. You agree to present to customers such evaluation forms that we periodically prescribe and to participate and/or request customers to participate in any surveys performed by us or on our behalf.

12.3 Our Right to Audit. We have the right at any time during your business hours, and without prior notice to you, to inspect and audit, or cause to be inspected and audited, your (if you are an Entity) and the Business's business, bookkeeping and accounting records, sales and income tax records and returns and other records. You agree to cooperate fully with our representatives and independent accountants we hire to conduct any such inspection or audit. If any inspection or audit discloses an understatement of your Business' Gross Sales, you agree to pay us the Royalty Fees, Ad Fees, and any other fees understated, plus interest on the understated amounts from the date originally due until the date of payment, within fifteen (15) days after receiving the inspection or audit report. In the event such inspection or audit is made necessary by your failure to furnish reports, supporting records or other information as herein required, or to furnish such items on a timely basis, or if our inspection or audit reveals an understatement in any report of two percent (2%) or more, you shall, in addition to the payment of monies owed with interest, reimburse us for all costs and expenses connected with the inspection or audit, including the professional fees for attorneys and independent accountants and the Travel and Living Expenses of our employees. The foregoing remedies are in addition to our other remedies and rights under this Agreement and Applicable Law.

13. TRANSFER.

13.1 By Us. We have the right to sell or assign, in whole or in part, our interests in this Agreement without your approval, and any such sale or assignment will inure to the benefit of any assignee or other legal successor to our interests herein.

13.2 By You. You understand and acknowledge that the rights and duties created by this Agreement are personal to you (or, if you are an Entity, to your Owners) and that we have granted the Franchise to you in reliance upon our perceptions of your (or your Owners') individual or collective character, skill, aptitude, attitude, business ability, acumen, and financial capacity.

Accordingly, you and your Owners may not conduct a Transfer without our prior written approval. Any Transfer without such approval constitutes a breach of this Agreement and is void and of no effect. For any proposed Transfers, you must promptly give us written notice and submit a copy of all proposed contracts and other information concerning the Transfer and transferee that we may request. We have sole and absolute discretion to withhold our consent, except as otherwise

provided in this Section 13. We have the right to communicate with both you, your counsel, and the proposed transferee on any aspect of a proposed Transfer. You agree to provide any information and documentation relating to the proposed Transfer that we reasonably require. No Transfer that requires our consent may be completed until at least sixty (60) days after we receive written notice of the proposed Transfer. Our consent to a Transfer is not a representation of the fairness of the terms of any contracts between you and the transferee, a guarantee of the Business' or the transferee's prospects of success. Further, our consent to a Transfer does not constitute a waiver of any claims that we have against the transferor, nor is it a waiver of our right to demand exact compliance with the terms of this Agreement. If your Business is not open and operating, we will not consent to your Transfer of this Agreement, and we are under no obligation to do so.

13.3 Conditions For Approval Of Transfer. If you (and your Owners) are in full compliance with this Agreement and the conditions of this Section 13.3 are met, we will not unreasonably withhold our consent to Transfer, but we may give our consent subject to reasonable conditions. As further described below, we may, if we deem it necessary in our sole discretion, require the transferee in any Transfer to renovate, modify, or re-design the Business to the then-current standards and specifications of a Cloudbound park.

(a) **Control Transfers**. If the Transfer is of this Agreement, the Business, or a controlling interest in you, or is one of a series of Transfers which in the aggregate constitute the Transfer of this Agreement, the Business, or a controlling interest in you, all of the following conditions must be met prior to or concurrently with the effective date of the Transfer:

(i) the transferee and its direct and indirect owners have the moral character, aptitude, attitude, experience, references, acumen and financial capacity to operate the Business and meet our then-current standards for franchisees, and the proposed transferee may not be an Entity, or be affiliated with an Entity, that is required to comply with reporting and information requirements of the Securities Exchange Act of 1934, as amended. Neither the proposed transferee nor its owners (if an Entity) or Affiliates may have a direct or indirect ownership interest in, or perform services for, a Competitive Business. At the time you sign a conditional consent to transfer, you must pay us, by wire transfer, a deposit of Fifteen Thousand Dollars ($15,000) ("**Fee Deposit**"). We will refund you the Fee Deposit, less any amounts which may be due under this Agreement or any other agreement between you (or your Affiliates) and us (or our Affiliates), within sixty (60) days following the effective date of the Transfer or the date on which you and the transferee have complied with all terms set forth in any applicable consent to transfer that we and you sign in connection with the Transfer, whichever is later;

(ii) you have paid all Royalties; Ad Fees; and all required payments due pursuant to the Master Insurance Program for all incidents that arise or are related to injuries or other claims, demands, or judgments through the effective date of the Transfer; amounts owed for purchases from us; and all other amounts owed to us or to third party creditors and have submitted all required reports and statements;

(iii) the transferee (or its Responsible Person) and its managers, shift supervisors and personnel must have completed our initial training program or must be currently certified by us to operate and/or manage a Business to our satisfaction prior to closing;

(iv) the transferee must execute our then-current standard form of franchise agreement and related documents, including our then-current standard form of personal guarantee, which may provide for different royalties, advertising contributions and expenditures, duration and other rights and obligations than those provided in this Agreement;

(v) you have provided us with executed versions of any documents executed by you (or your transferring Owners) and the transferee to effectuate the Transfer;

(vi) you pay us a transfer fee equal to fifty percent (50%) of our then-current initial franchise fee for new franchisees;

(vii) you (and your transferring Owners) have executed a general release, in form satisfactory to us, of any and all claims against us, our Affiliates, and our and their shareholders, officers, directors, employees and agents;

(viii) we have approved the material terms and conditions of such Transfer and determined that the price and terms of payment will not adversely affect the transferee's operation of the Business;

(ix) if you or your Owners finance any part of the sale price of the transferred interest, you and/or your Owners have agreed that all of the transferee's obligations pursuant to any promissory notes, agreements or security interests that you or your Owners have reserved in the Business are subordinate to the transferee's obligation to pay Royalty Fees, Ad Fees, and other amounts due to us or our Affiliates and otherwise to comply with the transferee's franchise agreement with us;

(x) if the proposed Transfer (including any assignment of the lease or subleasing of the Location) requires notice to or approval from your landlord, or any other action under the terms of the lease, you have taken such appropriate action and delivered us evidence of the same;

(xi) you have corrected any existing deficiencies of the Business of which we have notified you, and/or the transferee agrees to modernize, renovate, or upgrade the Business in accordance with our then-current requirements and specifications for Businesses within the time period we specify following the effective date of the Transfer (we will advise the transferee before the effective date of the Transfer of the specific actions that it must take and the time period within which such actions must be taken);

(xii) you provide us the evidence we reasonably request to show that appropriate measures have been taken to effectuate the Transfer as it relates to the operation of your Business, including, by transferring all necessary and appropriate business licenses and material agreements, or obtaining new business licenses and material agreements; and

(xiii) you and/or any transferring Owner(s) have executed an agreement in favor of us agreeing to remain bound by the restrictions contained in Sections 16.2 (Discontinue Use of the System and the Marks), 16.3 (Return of Confidential Information), and 17.2 (Post-Term Covenant Not to Compete). You agree that the restrictions referenced in the immediately preceding

sentence will continue to apply regardless of whether you and/or any transferring Owner(s) execute an agreement confirming the survival of these restrictions. You and each of your Owners further agree that the provisions of Section 19.12 (Governing Law) and 19.13 (Consent to Jurisdiction) survive the partial or full Transfer of an Owner's interest in you.

(b) **Other Transfers**. For all Transfers other than a Transfer of the Agreement, the Business, or a controlling interest in you (if you are an Entity), we may require you to comply with all or a selection of conditions in Section 13.3(a), which we will identify on a case-by-case basis, provided that the transfer fee will be Two Thousand Five Hundred Dollars ($2,500) for the legal (including in-house counsel) and administrative costs we incur in connection with the Transfer.

13.4 Transfer To A Wholly Owned Entity. Notwithstanding Section 13.3 (Conditions for Approval of Transfer), if you are in full compliance with this Agreement, you may Transfer this Agreement to an Entity which conducts no business other than the Business and, if applicable, other Businesses, in which you maintain management control and of which you own and control 100% of the equity and voting power of all issued and outstanding capital stock or membership interests, and further provided that all assets of the Business are owned, and the entire business of the Business is conducted, by a single Entity. Transfers of shares in such Entity will be subject to the provisions of Section 13.3. Notwithstanding anything to the contrary herein, you agree to remain personally liable under this Agreement as if the Transfer to such Entity had not occurred.

13.5 Transfer Upon Your Death Or Disability. Upon your death or permanent disability or, if you are an Entity, the death or permanent disability of the Owner of a controlling interest in you, your or such Owner's executor, administrator, conservator, guardian, or other personal representative must Transfer your interest in this Agreement or such Owner's interest in you to a third party. Such disposition of this Agreement or the interest in you (including Transfer by bequest or inheritance) must be completed within a reasonable time, not to exceed six (6) months from the date of death or permanent disability and will be subject to all the terms and conditions applicable to Transfers contained in this Section. A failure to Transfer your interest in this Agreement or the ownership interest in you within this period constitutes a breach of this Agreement. For purposes hereof, the term "permanent disability" means a mental or physical disability, impairment or condition that is reasonably expected to prevent or does prevent you or an Owner of a controlling interest in you from managing and operating the Business for a period of three (3) months from the onset of such disability, impairment, or condition.

13.6 Operation Upon Your Death Or Disability. If, upon your death or permanent disability or the death or permanent disability of the Owner of a controlling interest in you, the Business is not being managed by a trained manager, your or such Owner's executor, administrator, conservator, guardian, or other personal representative must within a reasonable time, not to exceed fifteen (15) days from the date of death or permanent disability, appoint a manager to operate the Business. Such manager will be required to successfully complete training at your expense within sixty (60) days of being appointed to operate the Business. Pending the appointment of a manager as provided above or if, in our judgment, the Business is not being managed properly any time after your death or permanent disability or after the death or permanent disability of the Owner of a controlling interest in you, we have the right, but not the obligation,

to appoint a manager for the Business. All funds from the operation of the Business during the management by our appointed manager will be kept in a separate account, and all expenses of the Business, including compensation, other costs and the Travel and Living Expenses of our manager, will be charged to this account. We also have the right to charge a reasonable management fee (in addition to the Royalty Fees, Ad Fees, and other amounts payable under this Agreement) during the period that our appointed manager manages the Business. Operation of the Business during any such period will be on your behalf, provided that we only have a duty to utilize reasonable efforts in doing so and will not be liable to you or your Owners for any debts, losses or obligations incurred by the Business or to any of your creditors for any products, materials, supplies or services the Business purchases during any period it is managed by our appointed manager.

13.7 Bona Fide Offers. If you (or any of your Owners) at any time determine to sell, assign or Transfer for consideration an interest in this Agreement and the Business or an ownership interest in you, you (or such Owner) agree to obtain a bona fide, executed written offer and earnest money deposit (in the amount of five percent (5%) or more of the offering price) and a complete franchise application from a fully disclosed offeror including lists of the owners of record and beneficially of any corporate or limited liability company offeror and all general and limited partners of any partnership and immediately submit to us a true and complete copy of such offer, which includes details of the payment terms of the proposed sale. To be a valid, bona fide offer, the proposed purchase price must be denominated in a dollar amount. The offer must apply only to an interest in you or in this Agreement and the Business and may not include an offer to purchase any of your (or your Owners') other property or rights. However, if the offeror proposes to buy any other property or rights from you (or your Owners) under a separate, contemporaneous offer, such separate, contemporaneous offer must be disclosed to us, and the price and terms of purchase offered to you (or your Owners) for the interest in you or in this Agreement and the Business must reflect the bona fide price offered therefor and not reflect any value for any other property or rights. Any Transfer in violation of our right of first refusal is null and void.

13.8 Our Right Of First Refusal. We have the right, exercisable by written notice delivered to you or your selling Owners within thirty (30) days from the date of the delivery to us of both an exact copy of a bona fide offer (as described in Section 13.7) and all other information we request, to purchase such interest for the price and on the terms and conditions contained in such bona fide offer, provided that:

(a) we may substitute cash for any form of payment proposed in such offer;

(b) our credit will be deemed equal to the credit of any proposed purchaser;

(c) we will have not fewer than sixty (60) days after giving notice of our election to purchase to prepare for closing; and

(d) we are entitled to receive, and you and your Owners agree to make, all customary representations and warranties given by the seller of the assets of a business or the capital stock of an incorporated business, as applicable, including representations and warranties as to: (i) ownership and condition of and title to stock or other forms of ownership interest and/or assets; (ii) liens and encumbrances relating to the stock or other ownership interest and/or assets;

and (iii) validity of contracts and the liabilities, contingent or otherwise, of the corporation whose stock is being purchased**.**

13.9 Non-Exercise. If we do not exercise our right of first refusal, you or your Owners may complete the sale to such purchaser pursuant to and on the exact terms of such bona fide offer, subject to our approval of the Transfer as provided in Sections 13.2 (By You), 13.3 (Conditions for Approval of Transfer), and 13.4 (Transfer to a Wholly Owned Entity). If the sale to such purchaser is not completed within one hundred and twenty (120) days after delivery of such bona fide offer to us, or if there is a material change in the terms of the sale (which you agree promptly to communicate to us), the sale will be treated as a new sale subject to our right of first refusal as provided in Section 13.8 (Our Right of First Refusal).

13.10 Securities Offerings. Neither you nor any of your Owners may issue or sell, or offer to issue or sell, any of your securities or any securities of any of your Affiliates, regardless of whether such sale or offer would be required to be registered pursuant to the provisions of the Securities Act of 1933, as amended, or the securities laws of any other jurisdiction, without obtaining our prior consent and complying with all of our requirements and restrictions concerning use of information about us and our Affiliates. Neither you nor any of your Owners may issue or sell your securities or the securities of any of your Affiliates if: (1) such securities would be required to be registered pursuant to the Securities Act of 1933, as amended, or such securities would be owned by more than 35 persons; or (2) after such issuance or sale, you or such Affiliate would be required to comply with the reporting and information requirements of the Securities Exchange Act of 1934, as amended. Any proposed private placement of your or of your Affiliate's securities must be approved by us.

14. SUCCESSOR FRANCHISE AND EXPIRATION.

14.1 Acquisition Of A Successor Franchise. Upon the expiration of the Term, you will have the option to acquire a successor franchise to continue to operate the Business for one (1) additional term of ten (10) years if you meet the following conditions:

(a) you (and each of your Owners) have substantially complied with this Agreement during the Term;

(b) you (and each of your Owners) are, both on the date you give us written notice of your election to acquire a successor franchise (as provided in Section 14.2 below) and on the date on which the term of the successor franchise would commence, in full compliance with this Agreement and all Methods of Operation;

(c) you maintain possession of the Location and agree to remodel and/or expand the Business, add or replace improvements, Operating Assets, equipment and signs and otherwise modify the Business as we require to bring it into compliance with our specifications and standards then applicable for Businesses and the System;

(i) if you are unable to maintain possession of the Location, or if in our judgment the Business should be relocated, you agree to secure substitute premises we approve,

develop such premises in compliance with Section 4.11 (Relocation) and continue to operate the Business at the Location until operations are transferred to the substitute premises;

(d) you execute the then-current standard form of franchise agreement and related documents (modified as necessary to reflect that such agreement will be for a successor franchise), which may contain materially different terms and fees than this Agreement;

(e) you and your Owners agree to execute, in a form satisfactory to us, guarantees and general releases of all claims against us, our Affiliates, and our and their shareholders, officers, directors, employees, agents, successors and assigns; and

(f) you pay a non-refundable successor franchise fee equal to twenty-five percent (25%) of our then-current initial franchise fee for new franchises, in the form of a lump sum payment by wire transfer or via EFT from your designated bank account; and

(g) you comply with all additional terms and conditions set forth in this Section 14.

If you (and your Owners) fail to meet the conditions set forth in this Section, you acknowledge that we need not grant you a successor franchise, whether or not we had, or chose to exercise, the right to terminate this Agreement during its Term pursuant to Section 15.2 herein. Further, any failure by you or your Owners to sign the agreements and releases described in this Section 14 and deliver them to us for acceptance and execution within thirty (30) days after their delivery to you will be deemed an election not to acquire a successor franchise.

14.2 Grant Of A Successor Franchise. You agree to give us written notice (your "**Successor Request**") of your desire to acquire a successor franchise no more than one (1) year and no less than one hundred eighty (180) days before this Agreement expires. We agree to give you notice ("**Our Notice**") of our decision to grant or not to grant you a successor franchise not later than sixty (60) days after our receipt of your Successor Request. If applicable, Our Notice will describe the remodeling, maintenance, expansion, improvements, technology upgrades, trade dress updates, and/or modifications required to bring your Business into compliance with then-applicable Methods of Operation and other standards for new Businesses and state the actions you must take to correct operating deficiencies and the time period in which you must correct these deficiencies.

If you fail to provide us with your Successor Request within the prescribed time period, we need not grant you a successor franchise. If we fail to provide Our Notice to you within sixty (60) days after our receipt of your Successor Request, it is your responsibility to provide us with written notice of our failure to respond, which we must cure within fifteen (15) days after our receipt of such notice.

Your right to acquire a successor franchise is subject to your continued compliance with all of the terms and conditions of this Agreement through the date of the expiration of the Term, in addition to your compliance with any obligations described in Our Notice. If Our Notice states that you must remodel your Business and/or must cure certain deficiencies of your Business or its operation as a condition to our granting you a successor franchise, and you fail to complete the

remodeling and/or to cure those deficiencies, you will not have the right to a successor franchise, unless we, in our sole discretion, decide to extend the Term to allow you additional time to complete the remodeling and/or to cure the deficiencies.

15. TERMINATION OF AGREEMENT.

15.1 **Termination By You**. If you and your Owners are in compliance with this Agreement and we materially fail to comply with this Agreement and do not correct such failure within sixty (60) days after written notice of such material failure is delivered to us, you may terminate this Agreement, effective thirty (30) days after delivery to us of written notice of termination. Your termination of this Agreement for any other reason or without such notice will be deemed null and void.

15.2 **Termination By Us**. In addition to our right to terminate pursuant to other provisions of this Agreement and under Applicable Laws, we have the right to terminate this Agreement, effective upon delivery of notice of termination to you, if:

(a) you become insolvent, file for bankruptcy, or make an assignment for the benefit of your creditors, execution is levied against your business assets, or a suit to foreclose any lien or mortgage is instituted against you and not dismissed within thirty (30) days;

(b) you: (i) fail to lease, sublease or purchase the Location in accordance with the timeframe set forth in Section 4.2 (Purchase or Lease of the Location), (ii) fail to meet any construction deadline set forth in Section 4, or (iii) fail to open your Business in the time period set forth in Section 4.8 **(Commencement Deadline);**

(c) you abandon or fail to actively operate your Business for three (3) consecutive business days, except where such failure to actively operate results solely from causes beyond your reasonable control and you provide written notice to us regarding such causes as soon as practicable;

(d) you or any of your Owners surrender or transfer control of the operation of your Business or make any unauthorized Transfer without our written consent;

(e) you or any of your Owners have made any material misrepresentation or omission in connection with your purchase of the Franchise;

(f) you suffer cancellation or termination of the lease or sublease for your Location;

(g) you, any Owner, or any of your officers or directors are convicted of or plead nolo contendere to a felony, a crime involving moral turpitude or consumer fraud, or any other crime or offense that we believe is likely to have an adverse effect on the System, the Marks and any associated goodwill, or the Cloudbound™ concept (an "**Adverse Effect**") or you, any Owner, or any of your officers or directors has engaged in or engages in activities that, in our reasonable opinion, have an Adverse Effect;

(h) you or any of your Owners make any unauthorized use or disclosure of any Confidential Information or use, duplicate or disclose any portion of the Operations Manual in violation of this Agreement;

(i) you fail or refuse to comply with any mandatory specification, standard, or operating procedure prescribed by us relating to the safety, cleanliness, or sanitation of your Business or violate any health, safety or sanitation law, ordinance or regulation, that we reasonably believe may pose harm to the public or to your or our reputation, and do not correct such failure, refusal or violation within twenty-four (24) hours after written notice thereof is delivered to you;

(j) you fail, refuse, or neglect to pay any monies owing to us or our affiliates or fail to make sufficient funds available to us as provided in Section 5.5 **(Designated Account)** within ten (10) days after receiving written notice of your default or thirty (30) days after due date of the payment, whichever is the shorter period, or (ii) you have previously been given at least two (2) notices of nonpayment for any reason within the last twenty-four (24) months, regardless of whether or not you made all due and owing payments following the receipt of such notices; or (iii) you fail to do all things necessary to give us access to the information contained in your Technology System within ten (10) days after receiving notice;

(k) you fail to make a timely payment of any amount due to a supplier unaffiliated with us (other than payments which are subject to bona fide dispute), and do not correct such failure within thirty (30) days after we deliver to you notice of such failure to comply;

(l) you underreport Gross Sales by more than two percent (2%) two times or more in any two-year period or by five percent (5%) or more for any Accounting Period;

(m) you fail to comply with any other provision of this Agreement or any other agreement between you (or any of your Owners or Affiliates) and us or our Affiliates, and do not correct such failure within thirty (30) days after notice of such failure to comply is delivered to you;

(n) you fail on three (3) or more separate occasions within any period of twelve (12) consecutive months to comply with this Agreement, or on two (2) or more separate occasions within any six (6) consecutive month period to comply with the same obligation under this Agreement, whether or not we notify you of the failures and, if we do notify you of the failures, whether or not you correct the failures following our delivery of notice to you;

(o) you fail to pay when due any federal or state income, service, sales, employment related or other taxes due on the operations of the Business, unless you are, in good faith, legally contesting your liability for such taxes;

(p) you fail to appoint a manager within fifteen (15) days after your death or permanent disability or the death or permanent disability of the Owner of a controlling interest in you or such manager fails to complete our training within sixty (60) days after being appointed;

(q) you or any of your Owners or employees violate Section 9.16 (General Conduct);

(r) you or any Owner violates the noncompete covenants in Section 17 (Covenants Not to Compete); or

(s) you fail to perform background checks for employees you hire pursuant to Section 9.8 and as specified in the Operations Manual.

Additionally, we will have the right to terminate this Agreement if we terminate any other franchise agreement, multi-unit development agreement, or any other agreement between you (or any of your Owners) or your Affiliates and us or any of our Affiliates.

We have no obligation whatsoever to refund any portion of the Initial Franchise Fee or any other monies upon any termination of this Agreement.

15.3 Our Right To Operate The Business And Management Fee. If we issue you a notice of default and you fail to cure such default within any applicable period, we have the right, in our sole discretion, to assume the operation of the Business for such length of time as we determine in our business judgment. You authorize us to operate the Business for so long as we deem necessary and practical, and without waiver of any other rights or remedies we may have under this Agreement. All monies from the operation of the Business during such period of operation by us shall be accounted for separately and the expenses of the business, including the Travel and Living Expenses of our representatives who operate the Business, shall be charged to such account. We shall be entitled to retain fifty percent (50%) of the Gross Sales of your Business as our management fee after operating expenses are paid. You shall indemnify us and our representatives from all claims arising from the acts and omissions of us and our representatives pursuant to this Section 15.3.

15.4 Alternatives To Termination. In addition to our rights under Section 15.3 (Our Right to Operate the Business and Management Fee), if we issue you a notice of default and you fail to cure such default within any applicable time period, we have the right, in our sole discretion, upon delivery of notice to you, and without waiving our right to terminate this Agreement as a result of such failure, to take any or all of the following actions without terminating this Agreement:

(a) provide you with written notice that we have temporarily elected not to terminate this Agreement and allow you additional time to cure any default(s), if you pay to us the non-compliance fee set forth in Section 5.9 (Non-Compliance Fee) until such time upon which you cure the default. Our collection of the non-compliance fee and temporary extension of the applicable cure period does not waive our right to require your full compliance with this Agreement;

(b) temporarily or permanently limit, curtail, or remove certain services or benefits provided or required to be provided to you hereunder, including: (i) restricting your or any of your staff's attendance at any training, meetings, workshops, or conventions (including Refresher Courses); (ii) refusing to sell or furnish to you any advertising or promotional materials; (iii) refusing to provide you with ongoing advice about the operation of the Business; (iv) refusing any of your requests to approve a new supplier or the use of any advertising or promotional

materials; and (v) refusing to permit you to enter into a new franchise agreement for a Business at any other location;

(c) temporarily or permanently reduce the size of the Protected Territory, in which event the restrictions on us and our Affiliates under Section 3.1(b) **(**Protected Territory**)** will not apply in the geographic area that was removed from the Protected Territory;

(d) temporarily remove information concerning the Business from our website and/or stop your or the Business's participation in any other programs or benefits offered on or through our website;

(e) suspend or terminate any temporary or permanent fee reductions to which we might have agreed (whether as a policy, in an amendment to this Agreement, or otherwise);

(f) suspend our performance of, or compliance with, any of our obligations to you under this Agreement or other agreements; and/or

(g) undertake or perform on your behalf any obligation or duty that you are required to, but fail to, perform under this Agreement. You will reimburse us upon demand for all costs and expenses that we reasonably incur in performing any such obligation or duty.

15.5 Exercise of Other Remedies. Our exercise of our rights under Section 15.3 (Our Right to Operate the Business and Management Fee) and 15.4 (Alternatives to Termination) will not: (i) be a defense for you to our enforcement of any other provision of this Agreement or waive or release you from any of your other obligations under this Agreement or any other agreement, (ii) constitute an actual or constructive termination of this Agreement, or (iii) be our sole or exclusive remedy for your default. You shall hold us harmless with respect to any action we take pursuant to Sections 15.3 and 15.4; and you agree that we shall not be liable for any loss, expense, or damage you incur because of any action we take pursuant to Sections 15.3 and 15.4. You must continue to pay all fees and otherwise comply with all your obligations under this Agreement following our exercise of any of these rights. If we exercise any of our rights under Sections 15.3 or 15.4, we may thereafter terminate this Agreement without providing you any additional corrective or cure period, unless the default giving rise to our right to terminate this Agreement has been cured to our reasonable satisfaction. We may, in our business judgment, reinstate any services or benefits removed, curtailed, or limited pursuant to Section 15.4, and you agree to accept immediately any such reinstatement of services or benefits so removed, curtailed, or limited.

16. RIGHTS AND OBLIGATIONS UPON TERMINATION OR EXPIRATION OF THIS AGREEMENT.

16.1 Payment Of Amounts Owed To Us; Liquidated Damages. You agree to pay us any Royalty Fees, Ad Fees, amounts owed for purchases from us or our Affiliates, interest due on any of the foregoing, and all other amounts owed to us or our Affiliates which are then unpaid within fifteen (15) days following any termination or expiration of this Agreement, or following any later date that we calculate such unpaid amounts. Subject to Applicable Laws, if we terminate this Agreement for cause or if you terminate this Agreement without cause before its expiration, you and we agree that it would be difficult if not impossible to determine the amount of damages

that we would suffer due to the loss or interruption of the revenue stream we otherwise would have derived from your continued payment of Royalty Fees, Ad Fees, and Cooperative contributions, less any cost savings, through the remainder of the term of this Agreement (the "**Liquidated Damages**"). Liquidated Damages will be equal to the greater of: (x) One Hundred Thousand Dollars ($100,000), or (y) the combined monthly average of Royalty Fees, Ad Fees, and any other fees payable to us or our Affiliates under this Agreement (without regard to any fee waivers or other reductions) paid by you during the twelve (12) months preceding the date of termination, multiplied by: (A) the number of remaining months in the term of this Agreement after termination, or (B) twelve (12) if the Business had been open for less than twelve (12) months upon the date of termination. The present value of the total calculated at a discount rate of eight percent (8%), assuming payment at the end of each month, will be our Liquidated Damages. You and we agree that the calculation described in this Section is a calculation only of Liquidated Damages and that nothing herein shall preclude or limit us from proving and recovering any other damages caused by your breach of this Agreement.

16.2 **Discontinue Use of the System and the Marks**. Upon the termination, for any reason, or expiration of this Agreement:

(a) you must immediately cease using, by advertising or in any other manner: (i) the Marks, (ii) the System and all other elements associated with the System, and (iii) any colorable imitation of any of the Marks or any trademark, service mark, trade dress, or commercial symbol that is confusingly similar to any of the Marks or that indicates or suggests a connection or association with us;

(b) you may not directly or indirectly at any time or in any manner (except with respect to other Businesses you own and operate) identify yourself or any business as a current or former Business, or as one of our licensees or franchisees;

(c) you agree to take such action as may be required to cancel all fictitious or assumed names or equivalent registrations relating to your use of any Marks and to change your corporate or legal business name, if necessary, so that it does not contain any of the Marks;

(d) if we do not exercise our option to purchase the Business pursuant to Section 16.4 (Our Right to Purchase Business):

(i) you agree to comply with our then-current de-branding checklist, which requires you to: deliver to us (or at our direction, destroy) within thirty (30) days after the Notification Date (as defined below) the Operations Manual, all signs, sign-faces, sign-cabinets, marketing materials, uniforms, forms, stationary, packaging, promotional materials, and other materials containing any Marks or otherwise identifying or relating to a Business and allow us, without liability to you or third parties, to remove all such items from the Business if you fail to do so;

(ii) you agree that, after the Notification Date, you will promptly and at your own expense make such alterations as we may specify to distinguish the Business clearly from its former appearance and from other Businesses so as to prevent confusion therewith by the public;

(iii) you agree that, after the Notification Date, you will promptly cancel or transfer to us or our designee all authorized and unauthorized domain names, social media accounts, telephone numbers, post office boxes, and classified and other directory listings relating to, or used in connection with, the Business or the Marks (collectively, "**Identifiers**"). You acknowledge that as between you and us, we have the sole rights to and interest in all Identifiers. If you fail to comply with this Section, you hereby authorize us and irrevocably appoint us or our designee as your attorney-in-fact to direct the telephone company, postal service, registrar, Internet Service Provider and all listing agencies to transfer such Identifiers to us. The telephone company, the postal service, registrars, Internet Service Providers and each listing agency may accept such direction by us pursuant to this Agreement as conclusive evidence of our exclusive rights in such Identifiers and our authority to direct their transfer; and

(e) you agree to furnish us, within thirty (30) days after the Notification Date, with evidence satisfactory to us of your compliance with the foregoing obligations.

16.3 Return of Confidential Information. You agree that, upon termination of this Agreement (or upon the full or partial transfer of rights by you or any Owner), for any reason, or expiration of this Agreement, you will immediately and forever cease to use any of our Confidential Information in any capacity whatsoever and return to us (or at our direction, destroy or delete) all copies of the Operations Manual and any other confidential materials, including computer software and any mechanisms (such as electronic keys) used to access the software, that we have allowed you to use.

16.4 Our Right To Purchase Business.

(a) **Exercise of Option**. Upon termination or expiration of this Agreement in accordance with its terms and conditions, we have the option, exercisable by giving written notice thereof to you within sixty (60) days from the date of such termination or expiration, to purchase the Business from you, including the leasehold rights to the Location, free and clear of all liens, restrictions, or encumbrances. (The date on which we notify you whether or not we are exercising our option is referred to in this Agreement as the "**Notification Date**.") We have the unrestricted right to assign this option to purchase the Business. We will be entitled to all customary warranties and representations in connection with an asset purchase, including representations and warranties as to ownership and condition of and title to assets; liens and encumbrances on assets; validity of contracts and agreements; and liabilities effecting the assets, contingent or otherwise.

(b) **Leasehold Rights**. You agree, at our election, to assign your leasehold interest in the Location to us or, to enter a sublease for the remainder of the lease term on the same terms (including renewal options) as the prime lease.

(c) **Purchase Price**. The purchase price for the Business will be its fair market value at the time of the Notification Date, determined in a manner consistent with reasonable depreciation of the Business's equipment, signs, inventory, materials, and supplies, provided that the Business will be valued as an independent business and its value will not include any value for the Franchise or any rights granted by this Agreement, any goodwill, Customer Information, the Marks, or participation in the System. The length of the remaining term of the lease for the Location will also be considered in determining the Business's fair market value.

(d) **Exclusions**. We may exclude from the assets purchased hereunder cash or its equivalent and any Operating Assets, inventory, materials, and supplies that are not reasonably necessary (in function or quality) to the Business's operation or that we have not approved as meeting standards for Businesses, and the purchase price will reflect such exclusions.

(e) **Appraisal**. If we and you are unable to agree on the Business's fair market value, its fair market value will be determined by one independent qualified appraiser that we appoint in our business judgment. We will appoint the appraiser within fifteen (15) days after the date we determine we are unable to agree on the Business's fair market value. You and we will share equally the fees and expenses of the appraiser. You and we further agree to take reasonable actions to cause the appraiser to complete the appraisal within thirty (30) days after the appraiser's appointment.

(f) **Closing**. The purchase price will be paid at the closing of the purchase, which will take place not later than ninety (90) days after determination of the purchase price. We have the right to set off against the purchase price, and thereby reduce the purchase price by, all amounts you or your Owners owe to us or our Affiliates.

(g) **Instruments**. At the closing, you agree to deliver instruments transferring: (i) good and merchantable title to the assets purchased, free and clear of all liens and encumbrances (other than liens and security interests acceptable to us, if any), with all sales and other transfer taxes paid by you; and all licenses and permits of the Business which may be assigned or transferred; and (ii) the leasehold interest in the Location and improvements thereon.

(h) **Escrow**. If you cannot deliver clear title to all the purchased assets, or if there are other unresolved issues, the closing of the sale will, at our election, be accomplished through an escrow arrangement with an independent escrow agent selected by us.

(i) **Releases**. You and your owners agree to execute general releases, in form satisfactory to us, of any and all claims against us and our shareholders, officers, directors, employees, agents, successors and assigns.

(j) **Inability to Operate Business**. To prevent any interruption of the Business which would cause harm to the Business, if you are unable to operate the Business for any reason whatsoever, you authorize us and our agents and Affiliates to operate the Business for so long as we deem necessary and practical. All income from the operation of the Business will be kept in a separate account, and the expenses of the business, including reasonable compensation and expenses of us and our agents, will be charged to said account. Nothing contained herein will be construed to require us to operate the Business in the case of your inability to operate same, and the rights set forth herein may be exercised in our sole and absolute discretion.

16.5 Continuing Obligations. All of our and your (and your Owners' and Affiliates') obligations which expressly or by their nature survive the expiration or termination of this Agreement will continue in full force and effect subsequent to and notwithstanding its expiration or termination and until they are satisfied in full or by their nature expire, including Sections 7 (Marks), 8 (Confidential Information), 17 (Covenants Not to Compete), 18.4 (Indemnification),

19.11 (Dispute Resolution), and 16 (Rights and Obligations Upon Termination or Expiration of this Agreement).

17. COVENANTS NOT TO COMPETE.

17.1 <u>In-Term Covenant Not To Compete</u>. You specifically acknowledge that, pursuant to this Agreement, you will receive valuable, specialized training, Confidential Information, and other proprietary and specialized information and knowledge that provide a valuable, competitive advantage in operating an indoor play facility for young children. You further acknowledge that we would be unable to protect the Confidential Information against unauthorized use or disclosure or to encourage the free exchange of ideas and information among our franchisees if you were permitted to hold interests in or perform services for a Competitive Business, and we have granted you the rights hereunder in consideration of, and in reliance upon, your agreement to deal exclusively with us. You therefore covenant that during the term of this Agreement (except as otherwise approved in writing by us), you, your Owners, and your and their immediate family members shall not, either directly, indirectly or through, on behalf of, or in conjunction with any person or legal Entity:

(a) Have any direct or indirect interest as a disclosed or beneficial owner in a Competitive Business, wherever located or operating;

(b) Perform services as a director, officer, manager, employee, consultant, lessor, representative, agent or otherwise for a Competitive Business, wherever located or operating;

(c) Divert or attempt to divert any present or prospective business or customer related to the Business or any other franchisee's Business by direct inducement or otherwise, or divert or attempt to divert the employment of any employee of ours, any of our Affiliates, or another franchisee to any Competitive Business;

(d) Engage in any other activity which might adversely affect the goodwill of the Marks and System; or

(e) Solicit, interfere, or attempt to interfere with our or our Affiliates' relationships with any customers, vendors, consultants, or other franchisees.

17.2 <u>Post-Term Covenant Not To Compete</u>. You covenant that, except as otherwise approved in writing by us, you and your Owners and your and their immediate family members shall not, for a continuous, uninterrupted period of two (2) years commencing upon the date of: (a) a Transfer permitted under Section 13 (Transfer), with respect only to Transfers that result in you no longer owning and operating the Business (or, in the case of an Owner, results in that Owner no longer having any direct or indirect ownership in you); (b) expiration of this Agreement; (c) termination or non-renewal of this Agreement (regardless of the cause for termination or non-renewal); or (d) a final order of a duly authorized arbitrator, panel of arbitrators, or a court of competent jurisdiction (after all appeals have been taken) with respect to any of the foregoing or with respect to enforcement of this Section 17.2, either directly or indirectly, for yourself, your Owners or your or their immediate family members or through, on behalf of, or in conjunction

with any person or legal Entity, own, maintain, operate, engage in, be employed by, act as a consultant for, perform services for, provide assistance to, or have any interest in (as an owner or otherwise) any Competitive Business that is, or is intended to be, located: (a) at the Location, (b) within fifteen (15) miles of the Location, or (c) within fifteen (15) miles of any Business in operation or under construction as of the date that you are required to comply with this Section 17.2. Additionally, neither you nor your Owners or any of your or their immediate family members shall: (x) solicit, interfere, or attempt to interfere with our or our Affiliates' relationships with any customers, vendors, consultants, or other franchisees; or (y) engage in any other activity that might adversely affect the goodwill of the Marks and the System. You agree and acknowledge that the two-year period of these restrictions shall be tolled during any time period in which you are in violation of this restriction.

The restrictions in Sections 17.1(c) and 17.2 do not apply to: (1) interests in or operation of a Business pursuant to a written Franchise Agreement with us; or (2) the ownership of shares of a class of securities that are listed on a public stock exchange or traded on the over-the-counter market and that represent less than five percent (5%) of that class of securities.

17.3 Reasonable Scope of Covenants. You acknowledge that the scope of the restrictions in Sections 17.1 (In-Term Covenant Not to Compete) and 17.2 (Post-Term Covenant Not to Compete) are reasonable and necessary to protect us, the Confidential Information, and the System, and that such restrictions are designed solely to prevent you from taking information, materials, training, and know-how that we provided to you and using them to compete with us. In addition, your operation of a Competitive Business in violation of Section 17.1 and 17.2 would necessarily involve your use of Confidential Information that would result in an unfair competitive advantage vis-à-vis other Cloudbound™ franchisees. You further acknowledge that you and your Owners possess skills and abilities of a general nature and have other opportunities for exploiting these skills. Consequently, our enforcement of the covenants in Section 17.1 and 17.2 will not deprive you or your Owners of personal goodwill or the ability to engage in a lawful trade or business and earn a living.

17.4 Reduction Of Scope of Covenants. You understand and acknowledge that we shall have the right, in our business judgment, to reduce the scope of any covenant set forth in Sections 17.1 (In-Term Covenant Not to Compete) and 17.2 (Post-Term Covenant Not to Compete), or any portion thereof, without your consent, effective immediately upon receipt by you of written notice thereof; and you agree that you shall comply forthwith with any covenant as so modified, which shall be fully enforceable. If any covenant herein which restricts competitive activity is deemed unenforceable by virtue of its scope in terms of area, prohibited business activity and/or length of time, but would be enforceable by reducing any part or all thereof, you and we agree that such covenant will be enforced to the fullest extent permissible under the laws and public policies applied in the jurisdiction whose law is applicable to the validity of such covenant.

17.5 Covenant Not To Compete Upon Exercise Of Right Of First Refusal. If we exercise our right of first refusal pursuant to Section 13.8 (Our Right of First Refusal), you and your selling Owner(s) agree that, for a period of two (2) years commencing on the date of the closing, you and they will be bound by the noncompetition covenant contained in Section 17.2 (Post-Term Covenant Not to Compete).

18. RELATIONSHIP OF THE PARTIES AND INDEMNIFICATION.

18.1 Independent Contractors. Neither this Agreement nor the dealings of the parties pursuant to this Agreement shall create any fiduciary relationship or any other relationship of trust or confidence between the parties hereto. You acknowledge and agree that we and you are and shall be independent contractors. Nothing contained in this Agreement, or arising from the conduct of the parties hereunder, is intended to make either party a general or special agent, joint venturer, partner, or employee of the other for any purpose whatsoever. We have no relationship with your employees, and you have no relationship with our employees. You may not make any express or implied agreements, warranties, guarantees or representations or incur any debt in our name or on our behalf or using the Marks, and you may not represent that the relationship of the parties hereto is anything other than that of independent contractors. We shall not be construed to have any liability, including joint liability, for any of your acts or omissions under any circumstances. We will not be obligated for any damages to any person or property arising directly or indirectly out of the operation of your Business.

18.2 Notice of Independent Contractor. You agree to hold yourself out to the public as an independent contractor operating your Business pursuant to a Franchise from us, and you must display in a conspicuous location in or upon the Business, or in a manner that we specify, a sign containing the following notice or an alternative notice that we specify: "This business is owned and operated independently by [name of franchisee] who is an authorized licensed user of the trademark CLOUDBOUND, which is a trademark licensed by Cloudbound Franchise Group, LLC." You must include this notice or other similar language that we specify on all forms, advertising, promotional materials, business cards, receipts, letterhead, contracts, stationary, and other written materials we designate.

18.3 Taxes. We will have no liability for any sales, use, service, occupation, employment related, excise, gross receipts, income, property, or other taxes, whether levied upon you or the Business, in connection with the business you conduct (except any taxes we are required by law to collect from you with respect to purchases from us). Payment of all such taxes is your sole responsibility. Further, you will pay all state and local taxes, including sales, use, service, occupation, employment related, excise, gross receipts, income, property or other taxes, that may be imposed on us as a result of our receipt or accrual of the Initial Franchise Fee, Royalty Fees, Ad Fees, extension fees, and all other fees that are referenced in this Agreement, whether assessed against you through withholding or other means or whether paid by us directly, unless the tax is credited against income tax otherwise payable by us. In such event, you will pay to us (or to the appropriate governmental authority) such additional amounts as are necessary to provide us, after taking such taxes into account (including any additional taxes imposed on such additional amounts), with the same amounts that we would have received or accrued had such withholding or other payment, whether by you or by us, not been required.

18.4 Indemnification. You agree that you shall, and you shall cause each of the Guarantors to, at all times, indemnify, exculpate, defend and hold harmless, to the fullest extent permitted by law, us, our successor, assigns, and Affiliates, and the respective officers, directors, shareholders, agents, representatives, independent contractors, servants, and employees of us and each of them (collectively, the "**Indemnified Parties**") from all Losses (defined below) directly

or indirectly incurred in connection with any action, suit, proceeding, claim, demand, investigation, or inquiry (formal or informal), or any settlement thereof arising out of or relating to: (i) the infringement, alleged infringement or any other violation by you, your Guarantors or principals of any patent, trademark, copyright, or other proprietary right owned or controlled by third parties due to your unauthorized use of all or any portion of the Marks and/or System; (ii) the violation, breach, or asserted violation or breach by you, your Guarantors or principals of any Applicable Laws, rulings, or industry standards; (iii) libel, slander, or any other form of defamation by you or your Guarantors or principals; (iv) the violation or breach by you or by your Guarantors or principals of any warranty, representation, agreement, or obligation of this Agreement or in any other agreement between you and us or our Affiliates; (v) acts, errors, omissions of you, any of your Affiliates, any of your principals, officers, directors, shareholders, agents, representatives, independent contractors, and employees of you and your Affiliates in connection with the establishment and operation of the Business, including any acts, errors, or omissions of any of the foregoing in the operation of any motor vehicle or in the establishment or implementation of security for the Business; (vi) any of the foregoing that are alleged to be caused by an Indemnified Party's negligence, unless (and then only to the extent that) the claims, obligations, and damages are determined to be caused solely by the Indemnified Party's gross negligence or willful misconduct according to a final, unappealable ruling issued by a court or arbitrator with competent jurisdiction; and (vii) any allegation that we or another Indemnified Party is a joint employer or otherwise responsible for your acts or omissions relating to your employees. For purposes of this indemnification, "**Losses**" means and all losses, expenses, obligations, liabilities, damages (actual, consequential, or otherwise), and reasonable defense costs that an Indemnified Party incurs, including accountants', arbitrators', mediators', attorneys', and expert witness fees, costs of investigation and proof of facts, court costs, Travel and Living Expenses, and other expenses of litigation, arbitration, or alternative dispute resolution, regardless of whether litigation, arbitration, or alternative dispute resolution is commenced. We have the right to defend any such claim against us at your expense. This indemnity will continue in full force and effect after and notwithstanding the expiration or termination of this Agreement.

18.5 **Mitigation Not Required**. Under no circumstances will we or any other Indemnified Party be required to seek recovery from any insurer or other third party, or otherwise to mitigate our, their or your losses and expenses, to maintain and recover fully a claim against you. You agree that a failure to pursue such recovery or mitigate a loss will in no way reduce or alter the amounts we or another Indemnified Party may recover from you.

19. ENFORCEMENT AND MISCELLANEOUS MATTERS.

19.1 **Severability And Substitution of Valid Provisions**. Each provision of this Agreement is severable from the others. If any provision (or portion of a provision) of this Agreement or any of the documents executed in conjunction with this Agreement is for any reason determined by a court to be invalid, illegal, or unenforceable, the invalidity, illegality, or unenforceability will not affect any other remaining provisions of this Agreement or any other document. The remaining provisions will continue to be given full force and effect and bind us and you.

19.2 Greater Notice. If any Applicable Law requires a greater prior notice than is required hereunder of the termination of this Agreement or of our refusal to enter into a successor franchise agreement, or the taking of some other action not required hereunder, or if, under any Applicable Law, any provision of this Agreement or any part of Methods of Operation is invalid or unenforceable, the prior notice and/or other action required by such law or rule will be substituted for the comparable provisions hereof, and we will have the right to modify such invalid or unenforceable provision or unenforceable part of this Agreement or the Operations Manual or any part of Methods of Operation to the extent required to be valid and enforceable. Such modifications to this Agreement will be effective only in such jurisdiction, unless we elect to give them greater applicability, and will be enforced as originally made and entered into in all other jurisdictions.

19.3 Waiver Of Obligations. We and you may by written instrument unilaterally waive or reduce any obligation of or restriction upon the other under this Agreement, effective upon delivery of written notice thereof to the other or such other effective date stated in the notice of waiver. Any waiver we grant will be without prejudice to any other rights we may have, will be subject to our continuing review and may be revoked at any time and for any reason, effective upon delivery to you of ten (10) days' prior written notice.

19.4 Non-Waiver. We and you will not be deemed to have waived or impaired any right, power or option reserved by this Agreement (including the right to demand exact compliance with every term, condition and covenant herein or to declare any breach thereof to be a default and to terminate this Agreement prior to the expiration of its term) by virtue of: (i) any custom or practice at variance with the terms hereof; (ii) our or your failure refusal or neglect to exercise any right under this Agreement or to insist upon exact compliance by the other with our and your obligations hereunder, including the Methods of Operation; (iii) our waiver, forbearance, delay, failure, or omission to exercise any right, power or option whether of the same, similar or different nature with respect to other Businesses; (iv) the existence of other franchise agreements for Businesses which contain different provisions from those contained herein; or (v) our acceptance of any payments due from you after any breach of this Agreement. No special or restrictive legend or endorsement on any check or similar item given to us will constitute a waiver, compromise, settlement or accord and satisfaction. We are authorized to remove or obliterate any legend or endorsement, and such legend or endorsement will have no effect.

19.5 Force Majeure. Neither we nor you will be liable for loss or damage or deemed to be in breach of this Agreement if our or your failure to perform our or your obligations is not our or your fault and results from: (i) acts of nature; (ii) fires, strikes, embargoes, war or riot; (iii) failure to obtain land use or environmental approvals from the applicable government body or agency, so long as you diligently pursue any such required approvals; or (iv) any other similar event or cause. Any delay resulting from any of said force majeure causes will extend performance accordingly or excuse performance, in whole or in part, as may be reasonable, except that said causes will not excuse payments of amounts owed at the time of such occurrence or payment of Royalty Fees and Ad Fees due on any sales thereafter.

19.6 Out-Of-Stock and Discontinued. We and our Affiliates are not liable to you for any loss or damage, or deemed to be in breach of this Agreement, if we cannot deliver, or cause to

be delivered, or if our Affiliates or designated sources or approved suppliers cannot deliver, all your orders for products (including Designated Products), merchandise, Operating Assets, supplies, and other goods if such products, supplies, and other goods are out-of-stock or discontinued.

19.7 Costs And Attorneys' Fees. If we incur expenses in connection with your failure to pay when due amounts owed to us or to submit when due any reports, information or supporting records or otherwise to comply with this Agreement, you agree to reimburse us for any of the costs and expenses which we incur, including reasonable accounting, attorneys', arbitrators', and related fees.

19.8 You May Not Withhold Payments Due To Us. You agree that you will not withhold payment of any amounts owed to us on the grounds of our alleged nonperformance of any of our obligations hereunder. You agree that all such claims will, if not otherwise resolved by us, be submitted to an informal resolution process or arbitration as provided in Section 19.11 (Dispute Resolution).

19.9 Rights Of Parties Are Cumulative. Our and your rights hereunder are cumulative, and no exercise or enforcement by us or you of any right or remedy hereunder will preclude our or your exercise or enforcement of any other right or remedy hereunder which we or you are entitled by law to enforce.

19.10 Business Judgment. Whenever we reserve discretion in a particular area or where we agree or are required to exercise our rights reasonably or in good faith, we will satisfy our obligations whenever we exercise "reasonable business judgment" in making our decision or exercising our rights. A decision or action by us will be deemed to be the result of "reasonable business judgment," even if other reasonable or even arguably preferable alternatives are available, if our decision or action is intended to promote or benefit the System generally even if the decision or action also promotes a financial or other of our individual interests. Examples of items that will promote or benefit the System include enhancing the value of the Marks, improving customer service and satisfaction, improving product quality, improving uniformity, enhancing or encouraging modernization, and improving the competitive position of the System. Neither you nor any third party (including a trier of fact) will substitute their judgment for our reasonable business judgment.

19.11 Dispute Resolution.

(a) **Informal Resolution**. Except as provided in Section 19.11(c) (Exceptions to Arbitration), prior to filing any demand for arbitration, the parties agree to attempt to informally resolve any Dispute in accordance with the following procedures:

(i) The party seeking mediation must commence the process by sending the other party, in accordance with Section 19.26 (Notices), a written notice of its Dispute with the heading "**Notification of Dispute**." The Notification of Dispute will specify, to the fullest extent possible, the party's version of the facts surrounding the dispute; the amount of damages; and the nature of any injunctive or other relief such party claims. The party (or parties as the case may be) receiving a Notification of Dispute will respond within thirty (30) days after receipt thereof stating

its version of the facts and, if applicable, its position as to damages sought by the party initiating the dispute procedure; provided, however, that if the Dispute has been the subject of a default notice given under Section 15 (Termination of Agreement), the other party will respond within ten (10) business days.

(ii) Upon receipt of a Notification of Dispute and response under Section 19.11(a)(i), the parties will endeavor, in good faith, for sixty (60) days (or an extended timeframe as mutually agreed upon between the parties) to resolve the dispute outlined in the Notification of Dispute and the other party's response. In particular, the Responsible Person will engage in all discussions with a designated CFG executive to attempt to resolve the Dispute during such timeframe.

(b) **Arbitration**. Except as provided in Section 19.11(c) (Exceptions to Arbitration), any Dispute, including any Dispute regarding the scope or validity of the arbitration obligation under this Section, not resolved by the informal process set forth in Section 19.11(a) must be submitted to binding arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association then in effect to be heard by one (1) arbitrator who has a minimum of five (5) years' experience in franchising or distribution law.

(i) **Counterclaims**. In connection with any arbitration proceeding, each party will submit or file any claim which would constitute a compulsory counterclaim (as defined by the then-current Rule 13 of the Federal Rules of Civil Procedure) within the same proceeding as the claim to which it relates. Any such claim which is not submitted or filed in such proceeding will be barred.

(ii) **Waiver of Class Actions**. You (and your Owners) expressly acknowledge and agree that any arbitration must be on an individual basis only as to a single franchisee (and not as or through an association) and the parties and the arbitrator will have no authority or power to proceed with any claim on a class-wide basis or otherwise to join or consolidate any claim with any claim or any other proceeding involving third parties. If a court or arbitrator determines that this limitation on joinder of or class-wide claims is unenforceable, then the agreement to arbitrate the Dispute will be null and void and the parties must submit all claims to the jurisdiction of the courts, in accordance with Section 19.13 (Consent to Jurisdiction).

(iii) **Venue**. The arbitration must take place in the city where our principal place of business is located at the time of the Dispute (currently, Provo, Utah), unless the parties mutually agree upon an alternate location.

(iv) **Arbitrator**. The arbitrator must follow the law and not disregard the terms of this Agreement. The arbitrator will have subpoena powers limited only by the laws of the state in which our principal place of business is then located. The arbitrator may not consider any settlement discussions or offers that might have been made by either you or us. The arbitrator may not under any circumstance: (a) stay the effectiveness of any pending termination of this Agreement, (b) assess punitive or exemplary damages, (c) certify a class or a consolidated action, or (d) make any award which extends, modifies, or suspends any lawful term of this Agreement or any reasonable standard of business performance that we set. The arbitrator will have the right to decide as to any procedural matters as would a court of competent jurisdiction be permitted to

make in the state in which our corporate headquarters is then located. The arbitrator will also decide any factual, procedural, or legal questions relating in any way to the Dispute between the parties, including: any decision as to whether Section 19.11(b) (Arbitration) is applicable and enforceable as against the parties, subject matter, timeliness, scope, remedies, unconscionability, and any alleged fraud in the inducement.

(v) **Orders**. The arbitrator can issue summary orders disposing of all or part of a claim and provide for temporary restraining orders, preliminary injunctions, injunctions, attachments, claim and delivery proceedings, temporary protective orders, receiverships, and other equitable and/or interim/final relief. The judgment of the arbitrator on any preliminary or final arbitration award will be final and binding and may be entered in any court having jurisdiction. Each party consents to the enforcement of such orders, injunctions, etc., by any court having jurisdiction.

(vi) **Procedure**. The parties to the Dispute will have the same discovery rights as are available in civil actions under the laws of the state in which our principal place of business is located at the time of the Dispute (currently, Utah). All other procedural matters will be determined by applying the statutory, common laws, and rules of procedure that control a court of competent jurisdiction in which our principal place of business is located at the time of the Dispute.

(vii) **Confidential**. Other than as may be required by law (including but not limited to state and federal franchise laws), the entire arbitration proceedings (including any rulings, decisions, or orders of the arbitrator), will remain confidential and will not be disclosed to anyone other than the parties to this Agreement.

(viii) **Advances**. We reserve the right, but have no obligation, to advance your share of the costs of any arbitration proceeding for such arbitration proceeding to take place and by doing so will not be deemed to have waived or relinquished our right to seek recovery of those costs in accordance with Section 19.7 (Cost and Attorneys' Fees) or 19.11(d) (Prevailing Party's Fees).

(ix) **Depositions**. In any arbitration each side may take no more than three (3) depositions, unless the parties mutually agree to additional depositions. Each side's depositions are to consume no more than a total of fifteen (15) hours, and each deposition shall be limited to five (5) hours, unless the parties mutually agree to additional time.

(x) **Electronic Discovery**. With respect to any discovery of electronically stored information, you and we agree that such requests must balance the need for production of electronically stored information relevant and material to the outcome of a disputed issue against the cost of locating and producing such information. You and we agree that:

1. Production of electronically stored information need only be from sources used in the ordinary course of business. No party shall be required to search for or produce information from back-up servers, tapes, or other media;

2. The production of electronically stored information shall normally be made on the basis of generally available technology in a searchable format which is usable by the party receiving the information and convenient and economical for the producing party. Absent a showing of compelling need, the parties need not produce metadata, with the exception of header fields for email correspondence;

3. The description of custodians from whom electronically stored information may be collected shall be narrowly tailored to include only those individuals whose electronically stored information may reasonably be expected to contain evidence that is relevant and material to the outcome of a Disputed issue;

4. The parties shall attempt to agree in advance upon, and the arbitrator may determine, reasonable search parameters;

5. Where the costs and burdens of electronic discovery are disproportionate to the nature of the Dispute or to the amount in controversy, or to the relevance of the materials requested, the arbitrator shall either deny such requests or order disclosure on condition that the requesting party advance the reasonable cost of production to the other side, which cost advance will not be awarded to the prevailing party in any final award.

(c) **Exceptions to Arbitration**. Notwithstanding Sections 19.11(a) (Informal Resolution) and 19.11(b) (Arbitration), the parties agree that the following Disputes will not be subject to arbitration or mediation:

(i) any action for equitable relief, including seeking preliminary or permanent injunctive relief, specific performance, declaratory relief, other relief in the nature of equity to enjoin any harm or threat of harm to such party's tangible or intangible property, brought at any time, including prior to or during the pendency of any arbitration proceedings initiated hereunder;

(ii) any action in ejectment or for possession of any interest in real or personal property;

(iii) any action which by Applicable Laws cannot be arbitrated; or

(iv) our decision in the first instance to issue a notice of default and/or notice of termination or undertake any other conduct with respect to the franchise relationship that might later result in a Dispute or controversy between us.

(d) **Prevailing Party's Fees**. The prevailing party in any action or proceeding arising under, out of, in connection with, or in relation to this Agreement will be entitled to recover its reasonable costs and expenses (including attorneys' fees, arbitrator's fees and expert witness fees, costs of investigation and proof of facts, court costs, and other arbitration or litigation expenses) incurred in connection with the claims on which it prevailed.

(e) **Survival**. The provisions of this Section 19.11 are intended to benefit and bind certain third-party non-signatories and will continue in full force and effect after and notwithstanding the expiration or termination of this Agreement.

(f) **Tolling of Statute of Limitations**. All applicable statutes of limitation and defenses based on the passage of time are tolled while the Dispute resolution procedures in this Section 19.11 are pending. The parties will take such action, if any, required to effectuate such tolling.

(g) **Performance to Continue**. Each party must continue to perform its obligations under this Agreement pending final resolution of any Dispute pursuant to this Section 19.11, unless to do so would be impossible or impracticable under the circumstances.

19.12 Governing Law. ALL MATTERS RELATING TO ARBITRATION WILL BE GOVERNED BY THE UNITED STATES FEDERAL ARBITRATION ACT (9 U.S.C. §§ 1 ET SEQ.). EXCEPT TO THE EXTENT GOVERNED BY THE FEDERAL ARBITRATION ACT, THE UNITED STATES TRADEMARK ACT OF 1946 (LANHAM ACT, 15 U.S.C. SECTIONS 1051 ET SEQ.) (THE "**LANHAM ACT**"), OR OTHER UNITED STATES FEDERAL LAW, THIS AGREEMENT AND ALL CLAIMS ARISING FROM THE RELATIONSHIP BETWEEN US AND YOU WILL BE GOVERNED BY THE LAWS OF THE STATE IN WHICH OUR PRINCIPAL PLACE OF BUSINESS IS LOCATED (CURRENTLY, UTAH) WITHOUT REGARD TO ITS CONFLICT OF LAWS RULES, EXCEPT THAT ANY STATE LAW REGULATING THE OFFER OR SALE OF FRANCHISES OR GOVERNING THE RELATIONSHIP OF A FRANCHISOR AND ITS FRANCHISEE WILL NOT APPLY UNLESS ITS JURISDICTIONAL REQUIREMENTS ARE MET INDEPENDENTLY WITHOUT REFERENCE TO THIS PARAGRAPH.

19.13 Consent To Jurisdiction. SUBJECT TO SECTION 19.11 (DISPUTE RESOLUTION), YOU (AND YOUR OWNERS) AGREE THAT ALL ACTIONS ARISING OUT OF OR RELATING TO THIS AGREEMENT OR OTHERWISE AS A RESULT OF THE RELATIONSHIP BETWEEN YOU AND US MUST BE COMMENCED EXCLUSIVELY IN A STATE OR FEDERAL COURT IN THE LOCATION IN WHICH OUR PRINCIPAL PLACE OF BUSINESS IS LOCATED (CURRENTLY, PROVO, UTAH), AND WE AND YOU (AND EACH OWNER) IRREVOCABLY CONSENT TO THE JURISDICTION OF THOSE COURTS AND WAIVE ANY OBJECTION TO EITHER THE JURISDICTION OF OR VENUE IN THOSE COURTS.

19.14 Waiver Of Punitive Damages, Jury Trial, And Class Actions. EXCEPT WITH RESPECT TO YOUR OBLIGATION TO INDEMNIFY US PURSUANT TO SECTION 18.4 (INDEMNIFICATION) AND 18.5 (MITIGATION NOT REQUIRED) AND CLAIMS WE BRING AGAINST YOU FOR YOUR UNAUTHORIZED USE OF THE MARKS OR UNAUTHORIZED USE OR DISCLOSURE OF ANY CONFIDENTIAL INFORMATION, WE AND YOU AND YOUR RESPECTIVE OWNERS WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHT TO OR CLAIM FOR ANY PUNITIVE OR EXEMPLARY DAMAGES AGAINST THE OTHER AND AGREE THAT, IN THE EVENT OF A DISPUTE BETWEEN US, THE PARTY MAKING A CLAIM WILL BE LIMITED TO EQUITABLE

RELIEF AND TO RECOVERY OF ANY ACTUAL DAMAGES IT SUSTAINS. WE AND YOU IRREVOCABLY WAIVE, TO THE FULLEST EXTENT PERMITTED BY LAW, TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER OF US. WE AND YOU AGREE THAT ANY PROCEEDING WILL BE CONDUCTED ON AN INDIVIDUAL BASIS AND THAT ANY PROCEEDING BETWEEN US AND ANY OF OUR AFFILIATES, OR OUR AND THEIR RESPECTIVE SHAREHOLDERS, OFFICERS, DIRECTORS, AGENTS, AND EMPLOYEES, ON THE ONE HAND, AND YOU (OR YOUR OWNERS, GUARANTORS, AFFILIATES, AND EMPLOYEES), ON THE OTHER HAND, MAY NOT BE: (I) CONDUCTED ON A CLASS-WIDE BASIS, (II) COMMENCED, CONDUCTED OR CONSOLIDATED WITH ANY OTHER PROCEEDING, (III) JOINED WITH ANY CLAIM OF AN UNAFFILIATED THIRD PARTY, OR (IV) BROUGHT ON YOUR BEHALF BY ANY ASSOCIATION OR AGENT. THIS WAIVER IS EFFECTIVE EVEN IF A COURT OF COMPETENT JURISDICTION DECIDES THAT THE ARBITRATION PROVISION IN SECTION 19.11(B) (ARBITRATION) IS UNENFORCEABLE. EACH PARTY ACKNOWLEDGES THAT IT HAS HAD A FULL OPPORTUNITY TO CONSULT WITH COUNSEL CONCERNING THIS WAIVER, AND THAT THIS WAIVER IS INFORMED, VOLUNTARY, INTENTIONAL, AND NOT THE RESULT OF UNEQUAL BARGAINING POWER.

19.15 Limitation Of Claims. Except for claims arising from your nonpayment or underpayment of amounts you owe us pursuant to this Agreement, or claims related to your unauthorized use of the Marks, any and all claims arising out of or relating to this Agreement or our relationship with you will be barred unless a Notification of Dispute is sent or a judicial proceeding is commenced within one (1) year from the date on which the party asserting such claim knew or should have known of the facts giving rise to such claims.

19.16 Binding Effect. This Agreement is binding upon us and you and our respective executors, administrators, heirs, beneficiaries, assigns and successors in interest.

19.17 Construction. The headings of the several Sections hereof are for convenience only and do not define, limit, or construe the contents of such Sections. Unless otherwise specified, all references to a number of days shall mean calendar days and not business days.

The words "**include**," "**including**," and words of similar import shall be interpreted to mean "including, but not limited to" and the terms following such words shall be interpreted as examples of, and not an exhaustive list of, the appropriate subject matter.

19.18 Joint And Several Owners' Liability. If two (2) or more persons or Entities are at any time Owners, whether as partners or joint venturers, their obligations, and liabilities to us will be joint and several.

19.19 Right To Information. You consent to us obtaining, using, and disclosing to third parties (including financial institutions, legal and financial advisors, and prospective franchisees), for any purpose we specify or as may be required by law, all financial and other information (including Personal Information) contained in or resulting from information, data, materials, statements and reports related, directly or indirectly, to the Business.

19.20 Multiple Copies; Electronic Signatures. This Agreement may be executed in counterparts, each of which will be deemed an original, and all of which when taken together shall constitute one and the same document. This Agreement shall not be binding on either party until it is executed by both parties. Electronic signatures or signatures which are transmitted via facsimile or scanned and emailed shall have the same force and effect as originals.

19.21 Entire Agreement Between the Parties. This Agreement, including any addenda and appendices and our Operations Manual, and the documents referred to therein constitute the sole agreement between you and us with respect to the entire subject matter of this Agreement and embody all prior agreements and negotiations with respect to your Business authorized hereunder. We expressly disclaim any understandings, agreements, inducements, course(s) of dealing, representations (financial or otherwise), promises, options, rights of first refusal, guarantees, warranties (express or implied) or otherwise (whether oral or written) which are not fully expressed in this Agreement. Nothing in this or any related agreement, however, is intended to disclaim the representations made by us in the FDD.

19.22 Amendments. No change, modification, amendment, or waiver of any of the provisions hereof, including by custom, usage of trade, or course of dealing or performance, shall be effective and binding upon either party unless it is in writing, specifically identified as an amendment hereto and signed by a duly authorized representative of both parties. Notwithstanding the foregoing, the Operations Manual and any Methods of Operation that we adopt and implement may be changed by us unilaterally from time to time.

19.23 No Third-Party Beneficiaries. Except as expressly otherwise provided herein, no third party shall have the right to claim any of the benefits conferred under this Agreement.

19.24 Notices. All notices and other communications required or permitted under this Agreement will be in writing and will be given by one of the following methods of delivery: (i) personally; (ii) by certified or registered mail, postage prepaid; (iii) by overnight delivery service; or (iv) by electronic mail to the email address on file for you with us (with a copy sent by U.S. Mail or overnight delivery services). Notices to you will be sent to the address set forth on **Appendix A**. Notices to us must be sent to:

Cloudbound Franchise Group, LLC
86 N. University Avenue, Suite 350
Provo, Utah 84601
Attn: Franchise Operations (franchiseops@skyzone.com)
with copy to CFG's Legal Department (legal@cloudbound.com)

Either party may change its mailing address or electronic mail address by giving notice to the other party. Notices will be deemed received the same day when delivered personally, upon attempted delivery when sent by registered or certified mail or overnight delivery service, or when sent by electronic mail.

19.25 Terrorist Acts. You acknowledge that under applicable U.S. law, including Executive Order 13224, signed on September 23, 2001 (the **"Order"**), we are prohibited from engaging in any transaction with any person engaged in, or with a person aiding any person

engaged in, acts of terrorism, as defined in the Order. Accordingly, you represent and warrant to us that, as of the date of this Agreement, neither you nor any person holding any ownership interest in you, controlled by you, or under common control with you is designated under the Order as a person with whom business may not be transacted by us, and that you: (i) do not, and hereafter will not, engage in any terrorist activity; (ii) are not affiliated with and do not support any individual or Entity engaged in, contemplating, or supporting terrorist activity; and (iii) are not acquiring the rights granted under this Agreement with the intent to generate funds to channel to any individual or Entity engaged in, contemplating, or supporting terrorist activity, or to otherwise support or further any terrorist activity.

[*Signature page follows*]

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Agreement as of the Effective Date.

FRANCHISOR

CLOUDBOUND FRANCHISE GROUP, LLC

By:_____
Name:
Title:

Date*:_____
**This is the Effective Date*

FRANCHISEE

(IF ENTITY):

By:_____
Name:
Title:

Date: _____

By:_____
Name:
Title:

Date:_____

(IF INDIVIDUALS):

_____
[Print Name]

Date:_____

_____
[Print Name]

Date:_____

_____
[Print Name]

Date:_____

_____
[Print Name]

Date:_____

APPENDIX A

FRANCHISEE-SPECIFIC TERMS

1. Franchisee's Name: _____

2. Franchisee's Address and Electronic Mail Address For Notices:

_____

_____

3. Form of Entity of Franchisee.

A. **Corporation Or Limited Liability Company**. Franchisee was organized on _____ under the laws of the State of _____. Its Federal Employer Identification Number is _____. It has not conducted business under any name other than its corporate or company name.

Name of Each Director/Officer/Managing Member	Position(s) Held

B. **Partnership.** Franchisee is a general or limited partnership formed on _____, under the laws of the State of _____. Its Federal Employer Identification Number is _____. It has not conducted business under any name other than its partnership name.

Name of Each General Partner

4. Responsible Person. The name and home address of the Responsible Person is as follows:

_____

5. Owners.

A. Franchisee and each of its Owners represents and warrants that the following is a complete and accurate list of all Owners of any interest whatsoever in Franchisee, including the full name and mailing address of each Owner, and fully describes the nature and extent of each Owner's interest in Franchisee. Franchisee and each Owner as to his ownership interest, represents and warrants that each Owner is the sole and exclusive legal and beneficial owner of his ownership interest in Franchisee, free and clear of all liens, restrictions, agreements and encumbrances of any kind or nature, other than those required or permitted by this Agreement.

Owner's Name and Address	**Percentage and Nature of Ownership Interest**

B. **Control Group.** You represent and warrant that the following Owner or group of Owners has, directly or indirectly, 51% or more ownership interest in you and voting control over its ownership interests in you and constitutes your Control Group as described in Section 2.4 (Control Group) of the Franchise Agreement.

Owner's Name and Address	**Percentage and Nature of Ownership Interest**

[*Appendix A Signature Page Follows*]

This **Appendix A** is deemed accepted and made a part of the Franchise Agreement as of the Franchise Agreement's Effective Date.

FRANCHISOR	**FRANCHISEE**
CLOUDBOUND FRANCHISE GROUP, LLC	**(IF ENTITY)**
By:_____ Name: Title:	By: _____ Name: Title:
Date:_____	Date: _____
	By:_____ Name: Title:
	Date:_____

(IF INDIVIDUALS):

_____
[Print Name]

Date:_____

_____
[Print Name]

Date:_____

_____
[Print Name]

Date:_____

_____
[Print Name]

Date:_____

APPENDIX B

OWNERS' PERSONAL GUARANTY OF FRANCHISEE'S OBLIGATIONS ("GUARANTY")

In consideration of, and as an inducement to, the execution of the Cloudbound Franchise Agreement dated as of _____ (the "**Agreement**") by and between **CLOUDBOUND FRANCHISE GROUP, LLC** ("**Franchisor**"), and _____ ("**Franchisee**"), each of the undersigned hereby personally and unconditionally: (1) guarantees to Franchisor and its successors and assigns, for the term of the Agreement and thereafter as provided in the Agreement, that Franchisee shall punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement (and any amendments) and that each and every representation of Franchisee made in connection with the Agreement (and any amendments) are true, correct and complete in all respects at and as of the time given; and (2) agrees personally to be bound by, and personally liable for the breach of, each and every provision in the Agreement (and any amendments), including, without limitation, the confidentiality obligations and non-competition covenants in Sections 8 (Confidential Information) and 17 (Covenants Not to Compete) of the Agreement, respectively.

Each of the undersigned waives: (a) acceptance and notice of acceptance by Franchisor of the foregoing undertakings; (b) notice of demand for payment of any indebtedness or nonperformance of any obligations hereby guaranteed; (c) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed; (d) any right the undersigned may have to require that an action be brought against Franchisee or any other person as a condition of liability; (e) notice of any amendment to the agreement; and (f) any and all other notices and legal or equitable defenses to which the undersigned may be entitled.

Each of the undersigned consents and agrees that: (i) their direct and immediate liability under this Guaranty shall be joint and several; (ii) they shall render any payment or performance required under the Agreement upon demand if Franchisee fails or refuses to do so punctually; (iii) such liability shall not be contingent or conditioned upon pursuit by Franchisor of any remedies against Franchisee or any other person; (iv) Franchisor may proceed against the undersigned and Franchisee jointly and severally, or Franchisor may, at its option, proceed against the undersigned without having commenced any action or having obtained any judgment against Franchisee; (v) such liability shall not be diminished, relieved or otherwise effected by any extension of time, credit or other indulgence which the Franchisor may from time to time grant to Franchisee or to any other person including, without limitation, the acceptance of any partial payment or performance or the compromise or release of any claims, none of which shall in any way modify or amend this Guaranty, which shall be continuing and irrevocable until satisfied in full; and (vi) the undersigned agrees to pay all reasonable attorneys' fees and all costs and other expenses incurred in any collection or attempt to collect amounts due pursuant to this undertaking or any negotiations relative to the obligations hereby guaranteed or in enforcing this undertaking against the undersigned.

It is further understood and agreed by the undersigned that the provisions, covenants, and conditions of the Guaranty will inure to the benefit of our successors and assigns.

This Guaranty shall be governed by the governing law provisions set forth in Section 19.12 (Governing Law) of the Agreement and all disputes related to it shall be resolved in accordance with the dispute resolution provisions set forth in Sections 19.11 (Dispute Resolution), 19.13 (Consent to Jurisdiction), 19.14 (Waiver of Punitive Damages, Jury Trial, and Class Actions), and 19.15 (Limitation of Claims) of the Agreement.

Each of the undersigned represents and warrants that, if no signature appears below for such undersigned's spouse, such undersigned is either not married or, if married, is a resident of a state which does not require the consent of both spouses to encumber the assets of a marital estate.

[*Appendix B Signature Page Follows*]

IN WITNESS WHEREOF, each of the undersigned has affixed his or her signature on the same day and year as the Agreement was executed.

GUARANTOR(S):

Signature:_____

Print Name:_____

Signature:_____

Print Name:_____

Signature:_____

Print Name:_____

Signature:_____

Print Name:_____

The undersigned, as the spouse of the Guarantor indicated below, acknowledges and consents to the guaranty given herein by his/her spouse. Such consent also serves to bind the assets of the marital estate to Guarantor's performance of this Guaranty.

_____
Name of Guarantor

_____
Name of Guarantor's Spouse

_____
Signature of Guarantor's Spouse

_____
Name of Guarantor

_____
Name of Guarantor's Spouse

_____
Signature of Guarantor's Spouse

_____
Name of Guarantor

_____
Name of Guarantor's Spouse

_____
Signature of Guarantor's Spouse

_____
Name of Guarantor

_____
Name of Guarantor's Spouse

_____
Signature of Guarantor's Spouse

APPENDIX C

OWNER PERSONAL COVENANTS REGARDING CONFIDENTIALITY AND NON-COMPETITION ("AGREEMENT")

In conjunction with your investment in _____ ("**Franchisee**") a _____, you ("**Owner**," "**you**," or "**your**"), acknowledge and agree as follows:

1. Franchisee owns and operates, or is developing, a Business located or to be located in the Protected Territory pursuant to a franchise agreement ("**Franchise Agreement**") with Cloudbound Franchise Group, LLC ("**we**," "**us**," or "**our**"), which Franchise Agreement requires persons with legal or beneficial ownership interests in Franchisee under certain circumstances to be personally bound by the confidentiality and noncompetition covenants contained in the Franchise Agreement. All capitalized terms contained herein shall have the same meaning set forth in the Franchise Agreement.

2. You own or intend to own a legal or beneficial ownership interest in Franchisee and acknowledge and agree that your execution of this Agreement is a condition to such ownership interest and that you have received good and valuable consideration for executing this Agreement. We may enforce this Agreement directly against you and Your Owners (as defined below).

3. If you are an Entity, all persons who have a legal or beneficial interest in you ("**Your Owners**") must also execute this Agreement.

4. You and Your Owners, if any, may gain access to parts of our Confidential Information (as defined in Section 8.1 (Confidential Information) of the Franchise Agreement) as a result of investing in Franchisee. The Confidential Information is proprietary and includes our trade secrets. You and Your Owners hereby agree that while you and they have a legal or beneficial ownership interest in Franchisee and thereafter you and they: (a) will not use the Confidential Information in any other business or capacity (such use being an unfair method of competition); (b) will exert best efforts to maintain the confidentiality of the Confidential Information; and (c) will not make unauthorized copies of any portion of the Confidential Information disclosed in written, electronic or other form. If you or Your Owners cease to have an interest in Franchisee, you and Your Owners, if any, must deliver to us any such Confidential Information in your or their possession.

5. You specifically acknowledge that you will receive valuable, specialized training, Confidential Information, and other proprietary and specialized information and knowledge that provide a valuable, competitive advantage in operating an indoor play facility for young children. You further acknowledge that we would be unable to protect the Confidential Information against unauthorized use or disclosure or to encourage the free exchange of ideas and information among our franchisees if you were permitted to hold interests in or perform services for a Competitive Business (as defined in Section 1.2 (Definitions) of the Franchise Agreement), and we have granted you and the Franchisee certain rights under the Franchise Agreement in consideration of, and in reliance upon,

your agreement to deal exclusively with us. You therefore covenant that during the term of the Franchise Agreement (except as otherwise approved in writing by us), you, Your Owners, and your and their immediate family members shall not, either directly, indirectly or through, on behalf of, or in conjunction with any person or legal entity:

(a) Have any direct or indirect interest as a disclosed or beneficial owner in a Competitive Business, wherever located or operating;

(b) Perform services as a director, officer, manager, employee, consultant, lessor, representative, agent or otherwise for a Competitive Business, wherever located or operating;

(c) Divert or attempt to divert any present or prospective business or customer related to the Business or any other franchisee's Business by direct inducement or otherwise, or divert or attempt to divert the employment of any employee of ours, any of our affiliates, or another franchisee or developer, to any Competitive Business;

(d) Engage in any other activity which might adversely affect the goodwill of the Marks and System; or

(e) Solicit, interfere, or attempt to interfere with our or our Affiliates' relationships with any customers, vendors, consultants, or other franchisees.

6. You covenant that, except as otherwise approved in writing by us, you and Your Owners and your and their immediate family members shall not, for a continuous, uninterrupted period of two years commencing upon the date of (a) a Transfer (as defined in Section 1.2 of the Franchise Agreement) permitted under Section 13 (Transfer) of the Franchise Agreement, (b) expiration of the Franchise Agreement, (c) termination or non-renewal of the Franchise Agreement (regardless of the cause for termination or non-renewal), or (d) a final order of a duly authorized arbitrator, panel of arbitrators, or a court of competent jurisdiction (after all appeals have been taken) with respect to any of the foregoing or with respect to enforcement of this Paragraph, either directly or indirectly, for yourself, Your Owners, or your or their immediate family members or through, on behalf of, or in conjunction with any person or legal entity, own, maintain, operate, engage in, be employed by, act as a consultant for, perform services for, provide assistance to, or have any interest in (as owner or otherwise) any Competitive Business that is, or is intended to be, located (a) at the Location of the Business, (b) within fifteen (15) miles of the Location, or (c) fifteen (15) miles of any Business in operation or under construction as of the date that you are required to comply with this Section 6. Additionally, neither you nor Your Owners or any of your or their immediate family members shall: (x) solicit, interfere, or attempt to interfere with our or our Affiliates' relationships with any customers, vendors, consultants, or other franchisees; or (y) engage in any other activity that might adversely affect the goodwill of the Marks and the System. You agree and acknowledge that the two-year period of these restrictions shall be tolled during any time period in which you are in violation of this restriction.

7. You and each of Your Owners expressly acknowledge the possession of skills and abilities of a general nature and the opportunity to exploit such skills in other ways, so that enforcement of the covenants contained in Sections 5 and 6 will not deprive any of you of your personal goodwill or ability to earn a living. If any covenant herein which restricts competitive activity is deemed unenforceable by virtue of its scope or in terms of geographical area, type of business activity prohibited and/or length of time but could be rendered enforceable by reducing any part or all of it, you and we agree that it will be enforced to the fullest extent permissible under Applicable Laws and public policy. We may obtain in any court of competent jurisdiction any injunctive relief, including temporary restraining orders and preliminary injunctions, against conduct or threatened conduct for which no adequate remedy at law may be available or which may cause it irreparable harm. You and each of Your Owners acknowledges that any violation of Sections 4, 5 or 6 hereof would result in irreparable injury for which no adequate remedy at law may be available. If we file a claim to enforce this Agreement and prevail in such proceeding, you agree to reimburse us for all its costs and expenses, including reasonable attorneys' fees.

IN WITNESS WHEREOF, each of the undersigned has hereunto affixed his signature, under seal, as of the Effective Date of the Franchise Agreement.

FRANCHISEE
IF INDIVIDUAL or INDIVIDUALS:
(Note: use these blocks if you are an individual or a partnership but the partnership is not a separate <u>legal</u> entity)

_____
Signature
Print Name: _____
Date: _____

_____
Signature
Print Name: _____
Date: _____

FRANCHISEE
IF CORPORATION, LIMITED LIABILITY COMPANY OR PARTNERSHIP:

_____
Print Name of Legal Entity

By: _____
Print Name: _____
Title: _____
Date: _____

By: _____
Print Name: _____
Title: _____
Date: _____

APPENDIX D

ADDENDUM TO LEASE

This addendum ("**Addendum**") is executed as of this _____ day of _____, by and between ("**Franchisee** or "**Tenant**") and ("**Landlord**") as an addendum to the lease (as amended, renewed, and/or extended from time to time, "the **Lease**") for the premises located at _____, state of _____, (the "**Premises**"), dated as of _____.

WHEREAS, Franchisee has entered into a franchise agreement ("**Franchise Agreement**") with Cloudbound Franchise Group, LLC ("**Franchisor**") for the operation of a Cloudbound™ Park (the "**Business**") at the Premises, and as a requirement thereof, the Lease for the Premises must be subject and subordinate to the provisions contained in this Addendum; and WHEREAS, Landlord and Franchisee agree that in the event of any conflict, the terms contained herein shall supersede any terms to the contrary set forth in the Lease.

1. Landlord shall deliver to Franchisor a copy of any notice of default or termination of the Lease at the same time such notice is delivered to Franchisee.

2. Franchisee hereby assigns to Franchisor, with Landlord's irrevocable and unconditional consent, all of Franchisee's rights, title and interests to and under the Lease upon any termination or non-renewal of the Franchise Agreement, but no such assignment shall be effective unless: (a) the Franchise Agreement is terminated or expires without renewal; and (b) Franchisor notifies the Franchisee and Landlord in writing that Franchisor assumes Franchisee's obligations under the Lease as of the date of such assumption. Landlord acknowledges that Franchisor may elect to assume the Lease in the name of an affiliate of Franchisor. In no event shall any assumption of the Lease by Franchisor or Franchisor's affiliate release Tenant under the Lease or any guarantor of Tenant under any guaranty agreement executed in connection with the Lease.

3. Franchisor shall have the right, but not the obligation, to cure any breach of the Lease within five (5) days following expiration of any notice and cure period afforded to Tenant under the Lease (or, if no notice and cure period, within five (5) days), and, if so stated in the notice, to also succeed to Franchisee's rights, title and interests thereunder.

4. The Lease may not be modified, amended, supplemented, renewed, extended or assigned by Franchisee without Franchisor's prior written consent.

5. Franchisee shall have the right to assign the Lease or sublet the Premises to Franchisor or an affiliate of Franchisor without Landlord's approval, and any assignment or subletting provisions set forth in the Lease shall not apply to any such assignment or subletting.

6. Franchisee and Landlord acknowledge and agree that Franchisor shall have no liability or obligation whatsoever under the Lease unless and until Franchisor assumes the Lease in writing pursuant to Section 2 or 3 above.

7. If Franchisor (or Franchisor's affiliate) assumes the Lease as provided above, Franchisor may, without Landlord's consent, further assign the Lease to a franchisee of Franchisor to operate the Premises, provided that the proposed franchisee has met all of Franchisor's applicable program criteria and requirements and has executed Franchisor's standard franchise agreement. Landlord agrees to execute such further documentation to confirm its consent to the assignment permitted under this Exhibit as Franchisor may reasonably request. Upon such assignment to a franchisee of Franchisor, Franchisor and, if applicable, Franchisor's affiliate, shall be released from any further liability under the terms and conditions of the Lease.

8. Landlord and Franchisee hereby acknowledge that Franchisee has agreed under the Franchise Agreement that Franchisor and its employees or agents shall have the right to enter the Premises for certain purposes. Landlord hereby agrees not to interfere with or prevent such entry by Franchisor, its employees or agents. Landlord and Franchisee hereby further acknowledge that in the event the Franchise Agreement expires (without renewal) or is terminated, Franchisee is obligated to take certain steps under the Franchise Agreement to de-identify the Premises. Landlord agrees to permit Franchisor, its employees or agent, to enter the Premises and remove signs (both interior and exterior), decor and materials displaying any marks, designs or logos owned by Franchisor, provided Franchisor shall, at its expense, repair any damage to the Premises as a result thereof. In no event shall Landlord charge Franchisor rent for Franchisor's exercise of rights pursuant to this paragraph.

9. Landlord agrees to allow Franchisee to remodel, equip, paint and decorate the interior and exterior of the Premises pursuant to the terms of the Franchise Agreement and any successor Franchise Agreement under which Franchisee may operate the Business at the Premises.

10. Landlord agrees that during and after the term of the Lease, it will not disclose or use Franchisor's Confidential Information (as defined below) for any purpose other than for the purpose of fulfilling Landlord's obligations under the Lease. "Confidential Information" as used herein shall mean all non-public information and tangible things, whether written, oral, electronic or in other form, provided or disclosed by or on behalf of Franchisee to Landlord, or otherwise obtained by Landlord, regarding the design and operations of the business located at the Premises, including, without limitation, all information identifying or describing the floor plan, equipment, furniture, fixtures, wall coverings, flooring materials, shelving, decorations, trade secrets, trade dress, "look and feel," layout, design, menus, recipes, formulas, manner of operation, suppliers, suppliers, and all other products, goods, and services used, useful or provided by or for Franchisee on the Premises. Landlord acknowledges that all Confidential Information belongs exclusively to Franchisor. Landlord agrees that should it breach or threaten to breach this provision of this Exhibit, Franchisor will suffer irreparable damages and Franchisor's remedy at law will be inadequate. Therefore, if Landlord threatens or breaches this provision, Franchisor shall be entitled to all remedies available to Franchisor at law or in equity, including, without limitation, injunctive relief.

11. Landlord agrees that: (a) Franchisor has solely granted to Franchisee the right to use Franchisor's proprietary trade name, trademarks, service marks logos, insignias, slogans, emblems, symbols, designs and indicia of origin (collectively the "Marks") at the Premises under the terms of the Franchise Agreement; and (b) Franchisor has not granted any rights or privileges

to Landlord to use the Marks at the Premises or anywhere else; and (c) Landlord's unauthorized use of the Marks during or after the term of the Lease shall cause irreparable harm to Franchisor and Franchisor's remedy at law will be inadequate. Therefore, if Landlord threatens or actually breaches this provision, Franchisor shall be entitled to all remedies available to Franchisor at law or in equity, including, without limitation, injunctive relief.

12. Copies of all notices required or permitted hereby or by the Lease shall also be sent to Franchisor at the following addresses, or such other addresses as Franchisor shall specify by written notice to Landlord.

Cloudbound Franchise Group, LLC
86 N. University Avenue, Suite 350
Provo, Utah 84601
Attn: Franchise Operations

With copies at all times to:

Cloudbound Legal Department: legal@cloudbound.com

And with further copies to:

Arnall Golden Gregory LLP
171 17th Street, Suite 2100
Atlanta, Georgia 30363
Attention: Jonathan L. Neville, Esq.

13. Any exclusive use rights, option terms or other provisions of the Lease which may be stated as personal to Tenant and not to survive any assignment, sublet, or transfer shall nonetheless survive any assignment or sublease to Franchisor, Franchisor's affiliate and/or any franchisee of Franchisor.

14. For so long as Franchisor and/or Franchisor's affiliate is the named Tenant under the Lease (and only if Franchisor elects for Lease assumption), notwithstanding anything in the Lease to the contrary or in conflict: (a) no radius provisions within the Lease shall apply, (b) in no event shall any direct or indirect change of control of Franchisor, whether by stock exchange, equity offering or otherwise, constitute a transfer, assignment or subletting under the Lease giving rise to Landlord approval, and (c) Franchisor or Franchisor's affiliate shall have the unfettered right (without Landlord approval) to transfer/assign the Lease to any affiliate of Franchisor or pursuant to merger, consolidation, reorganization, or sale of all or materially all of Franchisor's (or Franchisor's affiliate's) assets.

15. Franchisor, along with its successors and assigns, is an intended third-party beneficiary of the provisions in this Addendum.

16. References to the Lease and the Franchise Agreement include all amendments, addenda, extensions and renewals to such documents.

17. References to the Landlord, Franchisee and Franchisor include the successors and assigns of each of the parties.

[*Signature page follows*]

WITNESS the execution hereof under seal.

LANDLORD:

_____

Date: _____

FRANCHISEE:

_____

Date: _____

APPENDIX E

PROTECTED TERRITORY AND LOCATION

The Protected Territory includes the following zip codes: _____ and surrounding areas as outlined in Appendix E-1. See attached map attached as Appendix E-1.

The Location is: _____.

If no Location is designated or accepted at the time this Agreement is signed, this **Appendix E** will be updated when a Location has been designated by you and accepted by us. The Location must be designated and your lease must be signed within nine (9) months of the Effective Date of this Agreement and must be within the Protected Territory. Once the Location is identified, we may revise the Protected Territory.

FRANCHISEE:	FRANCHISOR:
_____	CLOUDBOUND FRANCHISE GROUP, LLC
By: _____	By: _____
Its: _____	Its: _____
Date: _____	Date: _____

APPENDIX E-1

MAP OF PROTECTED TERRITORY AND LOCATION

81138874.v1

EXHIBIT B TO THE DISCLOSURE DOCUMENT

MULTI-UNIT DEVELOPMENT AGREEMENT

CLOUDBOUND™
MULTI-UNIT DEVELOPMENT AGREEMENT

[NAME OF DEVELOPER]

[NAME OF DEVELOPMENT AREA]

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CLOUDBOUND
MULTI-UNIT DEVELOPMENT AGREEMENT

This Multi-Unit Development Agreement (this "**Agreement**") is made and entered into as of the last signature date below (the "**Effective Date**") by and between **CLOUDBOUND FRANCHISE GROUP, LLC**, a Delaware limited liability company, with its principal business address at 86 N. University Avenue, Suite 350, Provo, Utah 84601 (referred to in this Agreement as "**CFG**," "**we**," "**us**," or "**our**"), and the person(s) or entity identified on Appendix A as the "**Developer**" with its principal place of business as set forth on Appendix A (referred to in this Agreement as "**you**" or "**your**").

1. **Preambles and Grant of Development Rights.**

A. Preambles.

i. We grant, to persons or entities who we determine meet our qualifications, franchises (each a "**Franchise**") for the development and operation of indoor playspaces for young children featuring unstructured play areas and active entertainment attractions (each a "**Business**") using the Cloudbound™ service mark and other trademarks we authorize from time to time (the "**Marks**") and the system and methods under which Businesses are developed and operated (the "**System**").

ii. Each Franchise is granted solely pursuant to a written franchise agreement and related documents and agreements signed by us and a franchisee (each a "**Franchise Agreement**") under which we grant a geographic area in which neither we nor any of our affiliates will establish or authorize any person or entity to establish another Business using the Marks and the System (a "**Protected Territory")**.

iii. We also grant, to persons or entities who we determine meet certain additional qualifications and who are willing to commit, the right to acquire multiple Franchises for the development and operation of Businesses within a defined area (the "**Development Area**") pursuant to an agreed upon schedule (the "**Development Schedule**").

iv. You have requested that we grant you such rights, either through yourself or an affiliate in which your Control Group (as defined in Section 9 below) owns and controls fifty-one percent (51%) or greater interest (each an "**Affiliated Entity**"), and we are willing to do so in reliance on all of the information, representations, warranties and acknowledgements you have provided to us in support of your request, and subject to the terms and conditions set forth in this Agreement.

B. Grant of Development Rights. We grant you the right, and you undertake the obligation, either yourself or through Affiliated Entities, to acquire Franchises to develop and operate Businesses within the Development Area and in accordance with the Development Schedule specified in Appendix A hereto (the "**Development Rights**"). The Development Rights are limited to the rights to acquire Franchises in accordance with and as described in this Agreement. Rights to develop and operate Businesses or to use the Marks and System are

granted only pursuant to individual Franchise Agreements, and you agree that the Development Rights do not include any such rights. You also acknowledge that we grant rights only pursuant to the expressed provisions of written agreements and not in any other manner, including orally or by implication, innuendo, extension or extrapolation. Nothing in this Agreement provides you with the right to develop any Businesses at locations outside of the Development Area and you may not sublicense, subcontract, or delegate any of the Development Rights granted to you herein. In case of inconsistency between any written description in this Agreement and any map attached to Appendix A, the map attached to Appendix A controls.

C. Protected Territories. Within each Franchise Agreement executed pursuant to this Agreement, we will assign its corresponding Business a Protected Territory; however, these Protected Territories for your Businesses will be separate and distinct from the Development Area. Your Development Area automatically excludes the Protected Territories for any existing Businesses therein as of the Effective Date of this Agreement, regardless of whether such Protected Territories are defined, described, or otherwise illustrated in any maps attached to Appendix A. If a third-party's development area is adjacent to your Development Area, you acknowledge and agree that the Protected Territories for the third-party's Businesses may extend into your Development Area depending on those Businesses' final locations. If multiple maps are attached to Appendix A as the Development Area, once you develop a specified number of Businesses within a specific map (which, if applicable, would be set forth in Appendix A) in accordance with this Agreement and sign a Franchise Agreement for each Business within such map, we shall have the right to grant Franchises (or authorize the grant of Franchises) to any other person or entity to own new Businesses to be located within such map but not within the Protected Territories set forth in the Franchise Agreements for your Businesses.

D. Liquidity and Working Capital Availability. We have granted the Development Rights to you based, in part, on your representations to us, and our assessment of your levels of liquidity as of the Effective Date. You will ensure that, throughout the Term (as defined below), you will maintain sufficient liquidity and working capital reserves to meet your obligations under this Agreement. At our request, you will provide us with evidence of your liquidity and working capital availability.

E. Reports. Upon our request, you agree to provide us with a report of your business activities concerning the Development Rights, including information about your efforts to find sites for Businesses in the Development Area and the status and projected opening date for each Business under development in the Development Area.

F. No Ongoing Obligations. You acknowledge and agree that our initial service under this Agreement is solely to identify the Development Area and that we have no ongoing obligations such as training or operational assistance to you pursuant to this Agreement. All ongoing and further obligations to you in opening your Businesses shall be provided pursuant to any Franchise Agreements between you (or your Affiliated Entities) and us.

G. Compliance with Applicable Laws. You must, at your expense, comply with all federal, state, city, municipal and local laws, ordinances, rules and regulations in the Development Area pertaining to the development of your Businesses.

2. **Exercise of Development Rights**.

A. Execution of Franchise Agreements. You or an Affiliated Entity must execute our then-current form of Franchise Agreement for each Business to be established by you in the Development Area; provided, however, you will not be required to pay us any Initial Franchise Fees under such Franchise Agreements. Further, if you are in good standing at the time each Franchise Agreement is executed, the "Royalty Fee" in each such agreement shall be equal to six percent (6%) of the Gross Sales (as defined in such Franchise Agreement) of the Business. If any conflict arises between this Agreement and any individual Franchise Agreement as to any individual Business, the terms of such individual Franchise Agreement will control.

B. Timing for Executing Franchise Agreements. Unless we otherwise specify a later time period, simultaneously with signing this Agreement, you or an Affiliated Entity must sign and deliver to us a Franchise Agreement (which will reflect that no Initial Franchise Fee shall be due) and related documents representing the first Franchise you are obligated to acquire under this Agreement. Thereafter, you or an Affiliated Entity must sign our then-current form of Franchise Agreement and related documents, the terms of which may differ substantially from the terms contained in the Franchise Agreement in effect as of the Effective Date of this Agreement, except for the Royalty Fee set forth in Section 2.A above, once we have approved a site for a Business and prior to your execution of a lease or otherwise securing possession of the site for such Business. The Franchise Agreement will govern the development and operation of the Business at the approved site identified therein.

C. Proposed Sites for Businesses. You must give us all information and materials we request to assess each Business site you propose and to assess your (and your Affiliated Entity's) financial and operational ability to fund the development and operation of each proposed Business. We have the absolute right to disapprove any site or any Affiliated Entity: (1) that does not meet our criteria, or (2) if you or your Affiliated Entities are not then in compliance with any existing Franchise Agreements in effect with us. We will use our reasonable efforts to review and approve or disapprove any sites and any Affiliated Entity you propose within thirty (30) days after we receive all requested information and materials. Once we approve a proposed, you or your approved Affiliated Entity must sign a separate Franchise Agreement as described above. If you or your Affiliated Entity fail to do so within fifteen (15) days after we provide you with an execution copy of the Franchise Agreement, we may withdraw our approval for the site.

D. Development Schedule Compliance. Each period described in the Development Schedule is a "**Development Deadline**." You or your Affiliated Entity must satisfy the obligations described on the Development Schedule (reflected on Appendix A) during and as of the end of each Development Deadline. The Development Schedule is not our representation, express or implied, that the Development Area can support, or that there are or will be sufficient sites for, the number of Businesses specified in the Development Schedule or during any particular Development Deadline. Except for the final Business to be developed pursuant to the Development Schedule, we will count a Business toward the Development Schedule only if it is actually open and operating for full use by guests within the Development Area and substantially complying with the terms of its Franchise Agreement as of the end of the Development Deadline. However, a Business which is, with our approval or because of fire or other casualty, permanently closed during the last ninety (90) days of a Development Deadline, after having been open and operating for a period of at least ninety (90) days, will be counted toward the development obligations for the Development Deadline in which it closed, but not thereafter. We are relying on your representation that you conducted your own independent investigation and analysis of the

prospects for the establishment of Businesses within the Development Area, approve the Development Schedule and its Development Deadlines as being reasonable and viable, and recognize that failure to comply with the Development Schedule will constitute a breach of this Agreement.

E. Failure to Comply with Development Schedule. If you fail to comply with the Development Schedule as of the end of any Development Deadline, in addition to terminating this Agreement under Section 10 and asserting any other rights we have under this Agreement as a result of such failure, we may (but need not) elect to revoke our agreement under Section 3 not to grant similar development or franchise rights to others within the Development Area. Alternatively, and without waiving any rights afforded to us under this Agreement or any Franchise Agreement in which you or an Affiliated Entity own or hold any interest, we have the right, but no obligation, to refrain from exercising our termination rights in favor of granting you a written extension to the Development Schedule. Such an extension may, in our business judgment, be conditioned on any or all of the following: (a) a reduction in the size of the Development Area; (b) a modified Development Schedule (in terms of timing and/or number of Businesses to be opened); (c) your execution of our then-current form of general release; and (d) your execution of our then-current form of Development Agreement, which shall supersede and replace this Agreement and the terms of which may differ substantially from the terms contained herein. In addition, if we grant you a written extension, you may be required to pay to us an extension fee equal to half of the Development Fee (as defined below and set forth in Appendix A). Nothing obligates us to grant you an initial or any subsequent extension to the Development Schedule. We reserve the right to terminate this Agreement at any time if you fail to comply with its terms, including at the end of any unfulfilled extension period.

F. Future Development. You recognize and acknowledge that this Agreement requires you to open Businesses in the future pursuant to the Development Schedule. You further acknowledge that the estimated expenses and investment requirements set forth in Items 6 and 7 of our Franchise Disclosure Document ("**FDD**") are subject to increase over time, and that future Businesses may require greater initial investment and operating capital requirements than those stated in the FDD provided to you prior to the execution of this Agreement. You must execute Franchise Agreements and open all required Businesses by the dates set forth on the Development Schedule, regardless of: (i) the requirement of any greater investment, (ii) the financial condition or performance of your prior Businesses, or (iii) any other circumstances, financial or otherwise. The foregoing will not be interpreted as imposing any obligation upon us to execute the Franchise Agreements under this Agreement if you have not complied with each and every condition necessary to develop the Businesses, if you do not meet our then-current requirements for Franchisees at the time you are otherwise expected to execute a Franchise Agreement, or if you (or your Affiliated Entities) are not in compliance with the terms of any Franchise Agreement in effect with us.

3. **Our Reservation of Rights**. Except as described in Sections 1.C. and 2.E. and this Section 3 and provided that you are in full compliance with this Agreement and all Franchise Agreements and other agreements entered into with us (or any of our affiliates), we will not own and operate, or license a third party to own and operate, a Business physically located within the Development Area while this Agreement is in effect. Notwithstanding the foregoing, we and our affiliates (and our and their respective successors and assigns, by purchase, merger, consolidation or otherwise) retain all rights with respect to the Marks, the System and Businesses anywhere in the world, and retain the right to engage in any business whatsoever and any other right not expressly granted to you in this Agreement, including the rights to:

A. Own and operate, and/or grant to others the right to own and operate, any Competitive Businesses (as defined in Section 5 of this Agreement) or other businesses offering similar or identical products and services and using the System or elements of the System: (i) under the Marks anywhere outside of the Development Area, or (ii) under names, symbols, or marks other than the Marks anywhere, including inside and outside of the Development Area and Protected Territories of your Businesses;

B. Offer to sell, or sell and distribute, any products or services under any trade names, trademarks, service marks or trade dress, including the Marks, anywhere through any distribution channels (including the internet, retail stores, gift cards, distribution or fulfillment centers, or any other existing or future form of electronic commerce) regardless of the nature or location of the customers with whom such other businesses and distribution channels do business, even if such businesses sell products or services that are identical or similar to, and/or competitive with those that Businesses customarily sell;

C. Acquire the assets or ownership interests of, merge, affiliate with or engage in any transaction with other businesses (including Competitive Businesses), with units located anywhere or business conducted anywhere, even if such businesses are located in the Development Area or within the Protected Territories of your Businesses, and: (i) rebrand the other businesses to operate under the Cloudbound™ name, Marks, and System, (ii) franchise, license or create similar arrangements with respect to the other businesses and/or permit the other businesses to continue to operate under another name, and (iii) permit the businesses to operate under another name and convert existing Businesses (including yours) to such other name;

D. Be acquired or become controlled (regardless of the form of transaction) by a business providing products or services similar to those provided at Businesses, or by any other business, even if such business operates, franchises, and/or licenses Competitive Businesses; and

E. Operate, or grant any third party the right to operate, any Businesses that we or our designees acquire as a result of the exercise of a right of first refusal or purchase right that we have under any agreements.

4. **Term**. Unless sooner terminated in accordance with Section 10, the term of this Agreement will expire on the earlier of: (i) the execution of the Franchise Agreement for the final Business required to be developed pursuant to the Development Schedule; or (ii) the last day of the last Development Deadline set forth in Appendix A. There is no right to renew this Agreement (the "**Term**").

5. **Restrictive Covenants During Terms**.

A. Competitive Business. The term "**Competitive Business**" for purposes of this Agreement means any business (other than a Franchise operated under a Franchise Agreement with us or our affiliates) operating as, or granting franchises or licenses to others to operate any business operating as, any family recreational center, including but not limited to: (i) a trampoline park; (ii) centers offering inflatable indoor bouncing, rock climbing, or miniature golf; (iii) active entertainment facilities; or (iv) similar family entertainment establishments. The term Competitive Business is not intended to include any centers specializing in gymnastics.

B. Covenants Against Competition. We have granted you the Development Rights in consideration of and in reliance upon your agreement to deal exclusively with us. Therefore, during the Term, you agree that, other than in accordance with this Agreement, neither you, your Affiliated Entities, nor any of your or their officers, directors, shareholders, members, partners or other Owners, nor any immediate family members of any of these individuals (collectively, "**Bound Parties**"), shall:

i. have any direct or indirect interest as a disclosed or beneficial owner in a Competitive Business, wherever located or operating;

ii. perform services as a director, officer, manager, employee, consultant, lessor, representative, agent or otherwise for a Competitive Business, wherever located or operating;

iii. divert or attempt to divert any present or prospective business or customer related to the Businesses or any other franchisee's Business by direct inducement or otherwise, or divert or attempt to divert the employment of any employee of ours, any of our affiliates, or another franchisee or developer, to any Competitive Business;

iv. engage in any other activity which might adversely affect the goodwill of the Marks and System; or

v. directly or indirectly assist any immediate family member of any of the Bound Parties in engaging in any of the activities listed in the foregoing subsections.

C. Covenants from Others. To the extent permitted by applicable law, you agree to obtain from the Bound Parties similar agreements regarding non-competition (Section 5.B. and Section 10.E.) and Confidential Information (Section 7). You must provide us with copies of all such agreements upon our request. We may regulate the forms of agreement that you use and be a third-party beneficiary of the agreement with independent enforcement rights. You may not assume that any such form we provide you is or will be enforceable in a particular jurisdiction. You are solely responsible for obtaining your own professional advice with respect to the adequacy of the terms and provisions of such forms, but you must secure our approval, prior to use, of any form that contains variations from the form we provide.

D. Exceptions. Non-competition covenants related to Competitive Businesses do not apply to the ownership of shares of a class of securities that are listed on a public stock exchange or traded on the over-the-counter market and that represent less than five percent (5%) of such class of securities.

6. **Transfers**.

A. Transfers By Us. This Agreement inures to the benefit of us and our successors and assigns, and we have the right to transfer or assign all or any part of our interest, rights, privileges, duties and obligations hereunder to any person or legal entity without your approval.

B. Transfers By You. You acknowledge that we have granted you the Development Rights in reliance upon, and in consideration of, your business skills, financial capacity and other required qualifications. Accordingly, the rights and duties created under this Agreement are

personal to you. Your interest in this Agreement, any of your rights under this Agreement, the Development Rights or any interest therein, and any direct or indirect ownership interest in you (if you are an Entity and regardless of its size), any approved Affiliated Entity, or any of your Owners (if such Owners are legal entities) may not be assigned, transferred, shared or divided, voluntarily or involuntarily, directly or indirectly, by operation of law or otherwise, in any manner (collectively, a "**Transfer**"), without our prior written consent. Any actual or intended assignment, transfer or sale made in violation of the terms of this Section 6.B. shall be null and void and shall constitute a material breach of this Agreement, constituting good cause for termination of this Agreement. Additionally, you may not pledge or encumber this Agreement, your Development Rights or an ownership interest in you or your Owners (to someone other than us) as security for any loan or other financing, unless: (1) we grant our prior written consent and (2) the lender agrees that its claims will be subordinate to all amounts you owe at any time to us or our affiliates.

The Development Rights may not be transferred. For purposes of further clarity, if you or your Affiliated Entities intend to transfer any open and operating Businesses to third-parties, any such transfers must be made in accordance with all applicable terms set forth in each Business' corresponding Franchise Agreement.

If you are an Entity, we will not unreasonably withhold our consent to a Transfer of any direct or indirect ownership interests in you which are less than or equal to forty-nine percent (49%) of your ownership interests, provided all of the following conditions are met before or concurrently with the effective date of the transfer:

i. you are in compliance with the Development Schedule, this Agreement, and all Franchise Agreements in effect by and between you (or your Affiliated Entities) and us;

ii. the proposed transferee provides information to us sufficient for us to assess the transferee's business experience and aptitude, and if the Transfer is approved and completed, you will retain sufficient financial resources to satisfy the remaining requirements of the Development Schedule;

iii. neither you nor your Affiliated Entities have violated any provision of this Agreement or any other agreement with us or our affiliates during both the sixty (60) day period before you requested our consent to the Transfer and the period between your request and the effective date of the Transfer;

iv. neither the transferee nor its owners or affiliates have an ownership interest (direct or indirect) in or perform services for a Competitive Business;

v. you pay us a transfer fee equal to two thousand five hundred dollars ($2,500) for our administrative costs and expenses in connection with documenting and otherwise processing such Transfer, including reasonable legal fees;

vi. your transferring Owners execute a consent to transfer, which will include a general release and a non-disparagement clause, in a form satisfactory to us, releasing us and our affiliates, and our and their respective officers, directors, members, shareholders, employees and agents, in their corporate and individual capacities, from any and all claims, including, without limitation, claims arising under federal, state and local laws, rules and ordinances;

vii. all individuals and entities comprising the proposed transferee who will have a ten percent (10%) or greater interest in you, or such other persons we designate, must execute or have executed a guaranty in the form we prescribe;

viii. we have determined that the proposed Transfer will not adversely affect your ability to meet the Development Schedule or operate any of the open and operating Businesses developed pursuant to this Agreement;

ix. the transferee's obligations under promissory notes, agreements, or security interests are subordinate to your obligations to pay any amounts due to us, our affiliates, and third-party vendors related to the operation of the Businesses and otherwise to comply with the Development Schedule and this Agreement; and

x. your transferring Owners agree to comply with all applicable post-termination obligations, including by complying with the restrictive covenants found in Section10.E. of this Agreement.

You acknowledge that the proposed transferee will be evaluated by us based on the same criteria as those currently being used to assess new developers and that the proposed transferee will be provided with the disclosures required by law. We may review all information regarding the Development Rights that you give the transferee, and we may give the transferee copies of any reports or information that you have given us or that we have made regarding the Development Rights. Our consent to a Transfer pursuant to this Section 6.B. is not a representation of the fairness of the terms of any contract between your transferring Owners and the transferee, a guarantee of any prospects of success, or a waiver of any claims we have against your transferring Owners or of our right to demand the transferee's full compliance with this Agreement.

7. **Confidential Information; Innovations**.

A. Confidential Information. All information furnished to you by us, whether orally or in writing, including this Agreement, plans, specifications, financial or business data or projections, all documents, data, information, materials, reports, proposals, procedures, financial information, models, drawings, programs, compilations, devices, methods, designs, techniques and specifications, inventions, know-how, processes, business plans, marketing techniques, supplier lists, supplier information, advertising strategies, operations, our trade secrets, or any other forms of business information, whether or not marked as confidential (collectively, the "**Confidential Information**"): (1) shall be deemed proprietary and shall be held by you in strict confidence; (2) shall not be disclosed or revealed or shared with any other person except to your employees or contractors who have a need to know such Confidential Information for purposes of this Agreement and who are under a duty of confidentiality no less restrictive than your obligations hereunder, or to individuals or entities specifically authorized by us in advance; and (3) shall not be used except to the extent necessary to exercise the Development Rights. You will protect the Confidential Information from unauthorized use, access, or disclosure in the same manner as you protect your own confidential or proprietary information of a similar nature and with no less than reasonable care.

B. Return or Destruction Upon Termination. All Confidential Information will at all times remain our sole property. You agree to return to us or destroy, at our election, all Confidential Information in your possession or control and permanently erase all electronic copies of such Confidential Information promptly upon our request or upon the expiration or termination

of this Agreement, whichever comes first. At our request, you will certify in writing signed by one of your officers that you have fully complied with the foregoing obligations.

C. Innovations. You agree that, as between us, we or our affiliates own the Confidential Information, and that your rights to use the Confidential Information, derive solely from this Agreement. All improvements, developments, derivative works, enhancements, or modifications to any Confidential Information (collectively, "**Innovations**") made or created by you, your employees or your contractors, whether developed separately or in conjunction with us, shall be owned solely by us or our affiliates. You represent, warrant, and covenant that your employees and contractors are bound by written agreements assigning all rights in and to any Innovations developed or created by them to you. To the extent that you, your employees or your contractors are deemed to have any interest in such Innovations, you hereby agree to assign, and do assign, all right, title and interest in and to such Innovations to us. To that end, you shall execute, verify, and deliver such documents (including assignments) and perform such other acts (including appearances as a witness) as we may reasonably request for use in applying for, obtaining, perfecting, evidencing, sustaining, and enforcing such ownership rights in and to the Innovations, and the assignment thereof. Your obligation to assist us with respect to such ownership rights shall continue beyond the expiration or termination of this Agreement. In the event we are unable for any reason, after reasonable effort, to secure your signature on any document needed in connection with the actions specified in this Section, you hereby irrevocably designate and appoint us and our duly authorized officers and agents as your agent and attorney in fact, which appointment is coupled with an interest and is irrevocable, to act for and on your behalf to execute, verify, and file any such documents and to do all other lawfully permitted acts to further the purposes of this Section with the same legal force and effect as if executed by you.

D. Equitable Relief. If you breach any of the provisions of this Section 7, we will be entitled to equitable relief, including in the form of injunctions and orders for specific performance, in addition to all other remedies available at law or equity. The obligations under this Section 7 shall survive any expiration or termination of the Agreement.

8. **Development Fee**. For the rights we grant you under the terms of this Agreement, you agree to pay us a development fee as specified in Appendix A (the "**Development Fee**") upon execution of this Agreement. The Development Fee is fully earned by us on receipt and is not refundable for any reason.

9. **Ownership; Control Group; Responsible Person; Personal Guaranty**.

A. Ownership and Control Group. Any person holding an ownership interest in you is an "**Owner**" for purposes of this Agreement. You acknowledge and agree that we have granted the Development Rights to you: (a) based on you, your Owner or the group of Owners described in Appendix A hereof that has, directly or indirectly, fifty-one percent (51%) or more ownership interests in you and voting control over its ownership interests in you (the "**Control Group**"), and (b) based on the same ownership and voting control of such Control Group, in the same percentage as hereunder, in each Franchisee that executes a Franchise Agreement pursuant to this Agreement. If you are a business corporation, partnership, limited liability company or other legal entity (an "**Entity**"), the same Control Group must own a minimum of fifty-one percent (51%) in you and in any Affiliated Entity executing a Franchise Agreement as a Cloudbound™ franchisee (each a "**Franchisee**") pursuant to this Agreement. All such ownership interests of Owners in the Control Group shall be in the same percentages in your Entity under this Agreement as it shall be in any Franchisee Entity executing a Franchise Agreement. Furthermore, you acknowledge and

agree that we have the right to approve in advance: (i) the ownership structure of each Franchisee executing a Franchise Agreement pursuant to this Agreement; and (ii) any changes to the persons or Entities who are your Owners.

B. Personal Guaranty. If you are an Entity, each Owner who has a ten percent (10%) or greater interest in you, or such other persons as we designate (including Owners' spouses), must sign Appendix B to this Agreement (Owners' Personal Guaranty of Franchisee's Obligations). In addition, if you are a partnership Entity, then each person or entity who, now or hereafter is or becomes a general partner is deemed an Owner who must sign Appendix B, regardless of their percentage ownership interest.

C. Responsible Person. You must designate one individual, who shall be set forth in Appendix A, who has the authority to, and does in fact, actively direct your business affairs related to your obligations under this Agreement (the "**Responsible Person**"). Your Responsible Person shall exert their best efforts to the development of your Businesses; and absent our prior approval may not engage in any other business or activity, directly or indirectly, that requires substantial management responsibility or time commitments or which may otherwise conflict with the obligations hereunder. You must notify us of any proposed change of the Responsible Person and receive our written approval prior to such change. If such change results from the termination (whether voluntary or involuntary) of the Responsible Person, you must submit a new proposed Responsible Person within fifteen (15) days after such termination. Neither you nor your Owners will, directly or indirectly, take any actions to negate, circumvent, or otherwise restrict your Responsible Person's authority to bind you with respect to this Agreement.

D. Accuracy of Appendix A. Your Responsible Person and other Owners are identified in Appendix A to this Agreement. You and each of your Owners represent, warrant and agree that the attached Appendix A is a current, complete and accurate list of all Owners. Following any change in the persons or Entities who are your Owners, you must, within seven (7) calendar days from the date of such change, cooperate with us in updating Appendix A so that it is current, complete and accurate at all times.

10. **Termination of Agreement**.

A. Default; Events of Termination. You will be deemed in default under this Agreement if you breach any of the terms of this Agreement or if you or your Affiliated Entities breach any of the terms of any other multi-unit development agreement, Franchise Agreement, or any other agreement between you or your Affiliated Entities and us or any of our affiliates. Notwithstanding anything to the contrary in this Agreement, we will have the right to terminate this Agreement at any time and without notice, upon any one or more of the following events:

i. you fail to pay the Development Fee;

ii. you cease or threaten to cease to carry on the obligations granted to you under this Agreement, or take or threaten to take any action to liquidate your assets, or if you do not pay any debts or other amounts incurred by you in exercising the Development Rights hereunder when such debts or amounts are due and payable;

iii. you fail to comply with the Development Schedule or any Development Deadline;

iv. you make or purport to make a general assignment for the benefit of creditors; or if you hereto institute any proceeding under any statute or otherwise relating to insolvency or bankruptcy, or should any proceeding under any such statute or otherwise be instituted against you; or if a custodian, receiver, manager or any other person with like powers is appointed to take charge of all or any part of the business granted hereunder or of the shares or documents of title owned by any of your shareholders or title holders;

v. you fail to furnish reports or any other documentation required pursuant to this Agreement and do not correct such failure within ten (10) days following notice;

vi. you or any of your Owners has made any material misrepresentation or omission in your or their application and the documents and other information provided to us to support your or their application to acquire the rights granted in this Agreement;

vii. you (or any of your Owners) make or attempt to make an unauthorized transfer (as further described in Section 6 herein);

viii. you (or any of your Owners): (A) are convicted of or plead guilty or "no-contest" to a felony, (B) are convicted of or plead guilty or "no contest" to any crime or other offense likely to adversely affect the reputation of Businesses or the goodwill of the Marks, or (C) engage in any conduct which, in our opinion, adversely affects or, if you were to continue as a Developer under this Agreement, is likely to adversely affect the reputation of the business you conduct pursuant to this Agreement, the reputation and goodwill of Businesses generally or the goodwill associated with the Marks;

ix. we provide written notice of your (or any of your Owners') failure: (A) on three (3) or more separate occasions within any twelve (12) consecutive month period to comply with this Agreement, or (B) on two (2) or more separate occasions within any six (6) consecutive month period to comply with the same obligation under this Agreement, in any case, whether or not you correct the failures within the timeframe that we designate after our delivery of notice to you; or

x. you fail to observe, perform or comply with any other of the terms or conditions of this Agreement not listed in Sections 10.A.i through 10.A.ix above, and such failure continues for a period of ten (10) days after written notice thereof has been given by us to you.

B. Cross-Termination of Agreement. We will have the right to terminate this Agreement if we terminate any other multi-unit development agreement, Franchise Agreement, or any other agreement between you (or any of your Owners) or your Affiliated Entities and us or any of our affiliates.

C. Effects of Termination or Expiration. Upon the expiration or termination of this Agreement for any reason, the following provisions apply:

i. all of your rights under this Agreement will cease, and you will no longer be entitled to exercise the Development Rights or hold yourself out to the public as being a developer of Businesses within the Development Area;

ii. we will have the absolute and unrestricted right to develop the Development Area or to contract with other parties for the future development of the Development Area;

iii. you must immediately cease using all of our Confidential Information and return to us, or destroy, any Confidential Information in your possession or control as further described in Section 7.B. above (except that you may retain and continue to use any Confidential Information that you are permitted to use under any Franchise Agreements which remain in full force and effect); and

iv. without limiting any other rights or remedies to which we may be entitled, you must pay any amounts owing to us pursuant to this Agreement through the effective date of termination.

D. Franchise Agreements. Unless concurrently terminated, any Franchise Agreements in effect by and between us and you (or your Affiliated Entities) will remain in full force and effect following the expiration or termination of this Agreement. For purposes of further clarity, any covenants pertaining to confidentiality, non-competition, and non-solicitation set forth in such Franchise Agreements additionally remain in full force and effect.

E. Restrictive Covenants Not to Compete.

i. Upon termination or expiration of this Agreement, or upon a Transfer, you and your Owners agree that, for two (2) years beginning upon the effective date of termination, expiration or transfer, or the date on which all persons restricted by this Section 10.E. begin to comply with this Section 10.E., whichever is later, neither you nor your Affiliated Entities, nor any of the Bound Parties will have any direct or indirect interest as an owner (whether of record, beneficially, or otherwise), investor, partner, director, officer, employee, consultant, lessor, representative, agent, or in any other capacity in any Competitive Business located or operating:

1. Within the Development Area;

2. Within a fifteen (15) mile radius of any Business developed pursuant to this Agreement; and

3. Within a fifteen (15) mile radius of any other Business in operation or under construction on the later of the effective date of the termination or expiration of this Agreement or the date upon which all persons restricted by this Section 10.E. begin to comply with this Section 10.E.

ii. You agree and acknowledge that the two (2) year period of these restrictions shall be tolled during any time period in which you, your Owners, or any Bound Parties are in violation of these restrictions.

F. Survival of Covenants. Notwithstanding the expiration, termination or transfer of this Agreement for any reason whatsoever, all covenants and agreements to be performed or observed by you will survive any such termination, expiration or transfer.

11. **Relationship of the Parties; Indemnification**.

A. Independent Contractors. Each of us is an independent contractor, and neither is considered to be the agent, representative, master or servant of the other for any purpose. Neither of us has any authority to enter into any contract, to assume any obligations or to give any warranties or representations on behalf of the other. Nothing in this Agreement may be construed to create a relationship of partners, joint venturers, fiduciaries, agency or any other similar relationship between us and you.

B. Indemnification. To the fullest extent permitted by law, you agree to indemnify, defend, and hold harmless us, our affiliates, and our and their respective current and former owners, managers, directors, officers, employees, agents, successors, and assignees (the "**Indemnified Parties**") against, and to reimburse any one or more of the Indemnified Parties for, all claims, obligations, and damages directly or indirectly arising out of the operation of the business you conduct under this Agreement, or your breach of this Agreement, including those alleged to be caused by the Indemnified Party's negligence, unless (and then only to the extent that) the claims, obligations, or damages are determined to be caused solely by the Indemnified Party's intentional misconduct in a final, unappealable ruling issued by a court with competent jurisdiction. For purposes of this indemnification, "**claims**" include all obligations, damages (actual, consequential, or otherwise), and costs that any Indemnified Party reasonably incurs in defending any claim against it, including reasonable accountants', arbitrators', attorneys', and expert witness fees, costs of investigation and proof of facts, court costs, travel and living expenses, and other expenses of litigation or alternative dispute resolution, regardless of whether litigation or alternative dispute resolution is commenced. Each Indemnified Party may defend any claim against it at your expense and agree to settlements or take any other remedial, corrective, or other actions. This indemnity will continue in full force and effect subsequent to and notwithstanding this Agreement's expiration or termination. An Indemnified Party need not seek recovery from any insurer or other third party, or otherwise mitigate its losses and expenses, in order to maintain and recover fully a claim against you under this Section 11.B. You agree that a failure to pursue a recovery or mitigate a loss will not reduce or alter the amounts that an Indemnified Party may recover from you under this Section 11.B.

12. **Dispute Resolution**.

A. Informal Resolution. Except as provided in Section 12.C. (Exceptions to Arbitration), prior to filing any demand for arbitration, the parties agree to attempt to informally resolve any dispute, controversy or claim between us and you and any of our or your Affiliated Entities, officers, directors, shareholders, members, guarantors, employees or Owners arising under, out of, in connection with or in relation to: (1) this Agreement; (2) any lease or sublease for your Businesses; (3) any loan or other finance arrangement between us or our Affiliates and you; (4) the parties' relationship; (5) your Businesses; or (6) the System (each a "**Dispute**") in accordance with the following procedures:

i. The party seeking to informally resolve a Dispute must commence the process by sending the other party, in accordance with Section 17.A. (Notices), a written notice of its Dispute featuring the heading "**Notification of Dispute**." The

Notification of Dispute will specify, to the fullest extent possible, the party's version of the facts surrounding the Dispute; the amount of damages; and the nature of any injunctive or other relief such party claims. The party (or parties as the case may be) receiving a Notification of Dispute will respond within thirty (30) days after receipt thereof, stating its version of the facts and, if applicable, its position as to damages sought by the party initiating the dispute procedure; provided, however, that if the Dispute has been the subject of a default notice given under Section 10 (Termination of Agreement), the other party will respond within ten (10) business days.

ii. Upon receipt of a Notification of Dispute and response under Section 12.A.i., the parties will endeavor, in good faith, for sixty (60) days (or an extended timeframe as mutually agreed upon between the parties) to resolve the Dispute outlined in the Notification of Dispute and the other party's response. In particular, the Responsible Person will engage in discussions with a designated CFG executive to attempt to resolve the Dispute during such timeframe.

B. Arbitration. Except as provided in Section 12.C. (Exceptions to Arbitration), any Dispute, including any Dispute regarding the scope or validity of the arbitration obligation under this Section, not resolved by the informal process set forth in Section 12.A. must be submitted to binding arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association then in effect to be heard by one (1) arbitrator who has a minimum of five (5) years' experience in franchising or distribution law.

i. Counterclaims. In connection with any arbitration proceeding, each party will submit or file any claim which would constitute a compulsory counterclaim (as defined by the then-current Rule 13 of the Federal Rules of Civil Procedure) within the same proceeding as the claim to which it relates. Any such claim which is not submitted or filed in such proceeding will be barred.

ii. Waiver of Class Actions. You (and your Owners) expressly acknowledge and agree that any arbitration must be on an individual basis only as to a single franchisee (and not as or through an association) and the parties and the arbitrator will have no authority or power to proceed with any claim on a class-wide basis or otherwise to join or consolidate any claim with any claim or any other proceeding involving third parties. If a court or arbitrator determines that this limitation on joinder of or class-wide claims is unenforceable, then the agreement to arbitrate the dispute will be null and void and the parties must submit all claims to the jurisdiction of the courts, in accordance with Section 14 (Consent to Jurisdiction).

iii. Venue. The arbitration must take place in the city where our principal place of business is located at the time of the dispute (currently, Provo, Utah), unless the parties mutually agree upon an alternate location.

iv. Arbitrator. The arbitrator must follow the law and not disregard the terms of this Agreement. The arbitrator will have subpoena powers limited only by the laws of the state in which our principal place of business is then located. The arbitrator may not consider any settlement discussions or offers that might have been made by either you or us. The arbitrator may not under any circumstance: (a) stay the effectiveness of any pending termination of this Agreement, (b) assess punitive or

exemplary damages, (c) certify a class or a consolidated action, or (d) make any award which extends, modifies or suspends any lawful term of this Agreement or any reasonable standard of business performance that we set. The arbitrator will have the right to decide as to any procedural matters as would a court of competent jurisdiction be permitted to make in the state in which our corporate headquarters is then located. The arbitrator will also decide any factual, procedural, or legal questions relating in any way to the dispute between the parties, including: any decision as to whether Section 12.B. (Arbitration) is applicable and enforceable as against the parties, subject matter, timeliness, scope, remedies, unconscionability, and any alleged fraud in the inducement.

v. Orders. The arbitrator can issue summary orders disposing of all or part of a claim and provide for temporary restraining orders, preliminary injunctions, injunctions, attachments, claim and delivery proceedings, temporary protective orders, receiverships, and other equitable and/or interim/final relief. The judgment of the arbitrator on any preliminary or final arbitration award will be final and binding and may be entered in any court having jurisdiction. Each party consents to the enforcement of such orders, injunctions, etc., by any court having jurisdiction.

vi. Procedure. The parties to the dispute will have the same discovery rights as are available in civil actions under the laws of the state where our principal place of business is located at the time of the Dispute (currently, Utah). All other procedural matters will be determined by applying the statutory, common laws, and rules of procedure that control a court of competent jurisdiction in the state where our principal place of business is located at the time of the Dispute.

vii. Confidential. Other than as may be required by law (including but not limited to state and federal franchise laws), the entire arbitration proceedings (including any rulings, decisions, or orders of the arbitrator), will remain confidential and will not be disclosed to anyone other than the parties to this Agreement.

viii. Advances. We reserve the right, but have no obligation, to advance your share of the costs of any arbitration proceeding for such arbitration proceeding to take place and by doing so will not be deemed to have waived or relinquished our right to seek recovery of those costs in accordance with Section 12.D. (Prevailing Party's Fees).

ix. Depositions. In any arbitration each side may take no more than three (3) depositions, unless the parties mutually agree to additional depositions. Each side's depositions are to consume no more than a total of fifteen (15) hours, and each deposition shall be limited to five (5) hours, unless the parties mutually agree to additional time.

x. Electronic Discovery. With respect to any discovery of electronically stored information, you and we agree that such requests must balance the need for production of electronically stored information relevant and material to the outcome of a disputed issue against the cost of locating and producing such information. You and we agree that:

1. Production of electronically stored information need only be from sources used in the ordinary course of business. No party shall be required to search for or produce information from back-up servers, tapes, or other media;

2. The production of electronically stored information shall normally be made on the basis of generally available technology in a searchable format which is usable by the party receiving the information and convenient and economical for the producing party. Absent a showing of compelling need, the parties need not produce metadata, with the exception of header fields for email correspondence;

3. The description of custodians from whom electronically stored information may be collected shall be narrowly tailored to include only those individuals whose electronically stored information may reasonably be expected to contain evidence that is relevant and material to the outcome of a disputed issue;

4. The parties shall attempt to agree in advance upon, and the arbitrator may determine, reasonable search parameters;

5. Where the costs and burdens of electronic discovery are disproportionate to the nature of the dispute or to the amount in controversy, or to the relevance of the materials requested, the arbitrator shall either deny such requests or order disclosure on condition that the requesting party advance the reasonable cost of production to the other side, which cost advance will not be awarded to the prevailing party in any final award.

C. Exceptions to Arbitration. Notwithstanding Sections 12.A. (Informal Resolution) and 12.B. (Arbitration), the parties agree that the following Disputes will not be subject to arbitration or mediation:

i. any action for equitable relief, including seeking preliminary or permanent injunctive relief, specific performance, declaratory relief, other relief in the nature of equity to enjoin any harm or threat of harm to such party's tangible or intangible property, brought at any time, including prior to or during the pendency of any arbitration proceedings initiated hereunder;

ii. any action in ejectment or for possession of any interest in real or personal property;

iii. any action which by Applicable Laws cannot be arbitrated; or

iv. our decision in the first instance to issue a notice of default and/or notice of termination or undertake any other conduct with respect to the franchise relationship that might later result in a dispute or controversy between us.

D. Prevailing Party's Fees. The prevailing party in any action or proceeding arising under, out of, in connection with, or in relation to this Agreement will be entitled to recover its reasonable costs and expenses (including attorneys' fees, arbitrator's fees and expert witness

fees, costs of investigation and proof of facts, court costs, and other arbitration or litigation expenses) incurred in connection with the claims on which it prevailed.

E. Survival. The provisions of this Section 12 are intended to benefit and bind certain third-party non-signatories and will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

F. Tolling of Statute of Limitations. All applicable statutes of limitation and defenses based on the passage of time are tolled while the dispute resolution procedures in this Section 12 are pending. The parties will take such action, if any, required to effectuate such tolling.

G. Performance to Continue. Each party must continue to perform its obligations under this Agreement pending final resolution of any Dispute pursuant to this Section 12, unless to do so would be impossible or impracticable under the circumstances.

13. **Governing Law**. ALL MATTERS RELATING TO ARBITRATION WILL BE GOVERNED BY THE UNITED STATES FEDERAL ARBITRATION ACT (9 U.S.C. §§ 1 ET SEQ.). EXCEPT TO THE EXTENT GOVERNED BY THE FEDERAL ARBITRATION ACT, THE UNITED STATES TRADEMARK ACT OF 1946 (LANHAM ACT, 15 U.S.C. SECTIONS 1051 ET SEQ.) (THE "**LANHAM ACT**"), OR OTHER UNITED STATES FEDERAL LAW, THIS AGREEMENT, THE DEVELOPMENT RIGHTS, AND ALL CLAIMS ARISING FROM THE RELATIONSHIP BETWEEN US AND YOU WILL BE GOVERNED BY THE LAWS OF THE STATE IN WHICH OUR PRINCIPAL PLACE OF BUSINESS IS LOCATED (CURRENTLY, UTAH) WITHOUT REGARD TO ITS CONFLICT OF LAWS RULES, EXCEPT THAT ANY STATE LAW REGULATING THE OFFER OR SALE OF FRANCHISES OR GOVERNING THE RELATIONSHIP OF A FRANCHISOR AND ITS FRANCHISEE WILL NOT APPLY UNLESS ITS JURISDICTIONAL REQUIREMENTS ARE MET INDEPENDENTLY WITHOUT REFERENCE TO THIS PARAGRAPH.

14. **Consent to Jurisdiction**. SUBJECT TO SECTION 12, YOU (AND YOUR OWNERS) AGREE THAT ALL ACTIONS ARISING OUT OF OR RELATING TO THIS AGREEMENT OR OTHERWISE AS A RESULT OF THE RELATIONSHIP BETWEEN YOU AND US MUST BE COMMENCED EXCLUSIVELY IN A STATE OR FEDERAL COURT IN THE LOCATION IN WHICH OUR PRINCIPAL PLACE OF BUSINESS IS LOCATED (CURRENTLY, PROVO, UTAH), AND WE AND YOU (AND EACH OWNER) IRREVOCABLY CONSENT TO THE JURISDICTION OF THOSE COURTS AND WAIVE ANY OBJECTION TO EITHER THE JURISDICTION OF OR VENUE IN THOSE COURTS.

15. **Waiver of Punitive Damages, Jury Trial, and Class Actions**. EXCEPT WITH RESPECT TO ANY OBLIGATION TO INDEMNIFY US AND ANY CLAIMS WE BRING AGAINST YOU FOR YOUR UNAUTHORIZED USE OF THE MARKS OR UNAUTHORIZED USE OR DISCLOSURE OF ANY CONFIDENTIAL INFORMATION, WE AND YOU AND YOUR RESPECTIVE OWNERS WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHT TO OR CLAIM FOR ANY PUNITIVE OR EXEMPLARY DAMAGES AGAINST THE OTHER AND AGREE THAT, IN THE EVENT OF A DISPUTE BETWEEN US, THE PARTY MAKING A CLAIM WILL BE LIMITED TO EQUITABLE RELIEF AND TO RECOVERY OF ANY ACTUAL DAMAGES IT SUSTAINS. WE AND YOU IRREVOCABLY WAIVE, TO THE FULLEST EXTENT PERMITTED BY LAW, TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER OF US. WE AND YOU AGREE THAT ANY PROCEEDING WILL BE CONDUCTED ON AN INDIVIDUAL BASIS AND THAT ANY

PROCEEDING BETWEEN US AND ANY OF OUR AFFILIATES, OR OUR AND THEIR RESPECTIVE SHAREHOLDERS, OFFICERS, DIRECTORS, AGENTS, AND EMPLOYEES, ON THE ONE HAND, AND YOU (OR YOUR OWNERS, GUARANTORS, AFFILIATED ENTITIES, AND EMPLOYEES), ON THE OTHER HAND, MAY NOT BE: (I) CONDUCTED ON A CLASS-WIDE BASIS, (II) COMMENCED, CONDUCTED OR CONSOLIDATED WITH ANY OTHER PROCEEDING, (III) JOINED WITH ANY CLAIM OF AN UNAFFILIATED THIRD PARTY, OR (IV) BROUGHT ON YOUR BEHALF BY ANY ASSOCIATION OR AGENT. THIS WAIVER IS EFFECTIVE EVEN IF A COURT OF COMPETENT JURISDICTION DECIDES THAT THE ARBITRATION PROVISION IN SECTION 12.B. IS UNENFORCEABLE. EACH PARTY ACKNOWLEDGES THAT IT HAS HAD A FULL OPPORTUNITY TO CONSULT WITH COUNSEL CONCERNING THIS WAIVER, AND THAT THIS WAIVER IS INFORMED, VOLUNTARY, INTENTIONAL, AND NOT THE RESULT OF UNEQUAL BARGAINING POWER.

16. **Limitations of Claims**. Except for claims arising from your nonpayment or underpayment of amounts you owe us pursuant to this Agreement, or claims related to your unauthorized use of the Marks, any and all claims arising out of or relating to this Agreement or our relationship with you will be barred unless a Notification of Dispute is sent or a judicial proceeding is commenced within one (1) year from the date on which the party asserting such claim knew or should have known of the facts giving rise to such claims.

17. **Miscellaneous**.

A. Notices. All notices and other communications required or permitted under this Agreement will be in writing and will be given by one of the following methods of delivery: (i) personally; (ii) by certified or registered mail, postage prepaid; (iii) by overnight delivery service; or (iv) by electronic mail (with a copy sent by U.S. Mail or overnight delivery services). Notices to you will be sent to the address set forth on Appendix A. Notices to us must be sent to:

Cloudbound Franchise Group, LLC
86 N. University Avenue, Suite 350
Provo, Utah 84601
Attn: Franchise Operations (franchiseops@skyzone.com)

with a copy to CFG's Legal Department (legal@cloudbound.com)

Either party may change its mailing address or electronic mail address by giving notice to the other party. Notices will be deemed received the same day when delivered personally, upon attempted delivery when sent by registered or certified mail or overnight delivery service, or when sent by electronic mail.

B. Force Majeure. Neither we nor you will be liable for any loss or damage or deemed to be in breach of this Agreement if our or your failure to perform our or your obligations is not our or your fault and results from: (i) acts of nature; (ii) fires, strikes, embargoes, war or riot; (iii) failure to obtain land use or environmental approvals from the applicable government body or agency, so long as you diligently pursue any such required approvals; or (iv) any other similar event or cause. Any delay resulting from any of said force majeure causes will extend performance accordingly or excuse performance, in whole or in part, as may be reasonable, except that said causes will not excuse payments of amounts owed at the time of such occurrence.

C. Other Developers. You acknowledge and agree that the provisions of Franchise Agreements and Multi-Unit Development Agreements by and among us and other Cloudbound™ franchise owners and developers may vary substantially from those contained in this Agreement and the Franchise Agreements to be executed by you in connection herewith.

D. Terrorist Acts. You acknowledge that under applicable U.S. law, including Executive Order 13224, signed on September 23, 2001 (the **"Order"**), we are prohibited from engaging in any transaction with any person engaged in, or with a person aiding any person engaged in, acts of terrorism, as defined in the Order. Accordingly, you represent and warrant to us that, as of the date of this Agreement, neither you nor any person holding any ownership interest in you, controlled by you, or under common control with you is designated under the Order as a person with whom business may not be transacted by us, and that you: (i) do not, and hereafter will not, engage in any terrorist activity; (ii) are not affiliated with and do not support any individual or Entity engaged in, contemplating, or supporting terrorist activity; and (iii) are not acquiring the rights granted under this Agreement with the intent to generate funds to channel to any individual or Entity engaged in, contemplating, or supporting terrorist activity, or to otherwise support or further any terrorist activity.

E. Joint and Several Obligations. If two (2) or more persons or Entities are at any time Owners, whether as partners or joint venturers, their obligations, and liabilities to us will be joint and several.

F. Severability. If any term or condition of this Agreement is, to any extent, declared to be invalid or unenforceable, all other terms and conditions of this Agreement, other than those as to which it is held invalid or unenforceable, will not be affected thereby and each term and condition of this Agreement will be separately valid and enforceable to the fullest extent permitted by law.

G. Headings and Construction. Headings preceding the text, sections and subsections hereof have been inserted solely for convenience of reference and will not be construed to affect the meaning, construction or effect of this Agreement. Whenever this Agreement allows or requires us to take actions or make decisions, we may do so in our sole and unfettered discretion, even if you believe our action or decision is unreasonable, unless the Agreement expressly and specifically requires that we act reasonably or refrain from acting unreasonably in connection with the particular action or decision. The term "including" means "including, without limitation" unless otherwise noted. The term "control" means the right and power to direct or cause the direction of an Entity's management and policies.

H. Waiver. The waiver by either you or us of a breach of any term or condition contained in this Agreement will not be deemed to be a waiver of such term or condition or any subsequent breach of the same or any other term or condition herein contained unless such waiver is expressly set forth in writing. A party's failure to exercise any right to demand exact compliance and any custom or practice at variance with the terms and conditions of this Agreement will not constitute a waiver of the right to demand exact compliance with the terms and conditions hereof.

I. Costs and Attorneys' Fees. If we incur expenses in connection with your failure to pay when due amounts owed to us or to submit when due any reports, information or supporting records or otherwise to comply with this Agreement, you agree to reimburse us for any of the

costs and expenses which we incur, including reasonable accounting, attorneys', arbitrators', and related fees.

J. Rights of Parties Are Cumulative. Our and your rights hereunder are cumulative, and no exercise or enforcement by us or you of any right or remedy hereunder will preclude our or your exercise or enforcement of any other right or remedy hereunder which we or you are entitled by law to enforce.

K. Entire Agreement; Modification. This Agreement, together with any addenda and appendices, constitutes the sole agreement between you and us with respect to the entire subject matter of this Agreement and embodies all prior agreements and negotiations with respect to the Development Rights authorized hereunder. We expressly disclaim any understandings, agreements, inducements, course(s) of dealing, representations (financial or otherwise), promises, options, rights of first refusal, guarantees, warranties (express or implied) or otherwise (whether oral or written) which are not fully expressed in this Agreement. Nothing in this or any related agreement, however, is intended to disclaim the representations made by us in the FDD that was furnished to you by us. This Agreement shall not be modified or amended except by an instrument in writing signed by or on behalf of the parties hereto.

L. Binding Effect. This Agreement is binding upon us and you and our respective executors, administrators, heirs, beneficiaries, assigns and successors in interest.

M. No Third-Party Beneficiaries. Except as expressly otherwise provided herein, no third party shall have the right to claim any of the benefits conferred under this Agreement.

N. Counterparts; Electronic Signatures. This Agreement may be executed in counterparts, each of which will be deemed an original, and all of which when taken together shall constitute one and the same document. This Agreement shall not be binding on either party until it is executed by both parties. Electronic signatures or signatures which are transmitted via facsimile or scanned and emailed shall have the same force and effect as originals.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Agreement as of the Effective Date.

FRANCHISOR

CLOUDBOUND FRANCHISE GROUP, LLC

By:_____
Name:
Title:

Date*: _____
**This is the Effective Date*

DEVELOPER

(IF ENTITY):

_____
[Name]

By:_____
Name:_____
Title:_____

Date: _____

(IF INDIVIDUALS):

_____
[Print Name]

Date: _____

_____
[Print Name]

Date: _____

_____
[Print Name]

Date: _____

_____
[Print Name]

Date: _____

APPENDIX A
TO THE
DEVELOPMENT AGREEMENT
DEVELOPER-SPECIFIC TERMS

Developer's Name: _____

Developer's Address And Electronic Mail Address For Notices:

_____

_____

Development Area (Section 1): [attach map if necessary]

[AS APPLICABLE: For purposes of the Development Schedule set forth below, [_____] Business must be opened in Map #1 attached hereto, [_____] Business must be opened in Map #2 attached hereto, and [_____] Business must be opened in Map #3 attached hereto.]

[City, State] (Park 1) [see attached map]

[City, State] (Park 2) [see attached map]

[City, State] (Park 3) [see attached map]

Development Fee (Section 8): $_____

Development Schedule (Sections 1 & 2): You agree to establish and operate a total of ___ Businesses within the Development Area during the term of this Agreement. The Businesses must be open and operating in accordance with the following Development Schedule:

DEVELOPMENT DEADLINE	**NUMBER OF NEW BUSINESSES TO OPEN DURING DEVELOPMENT DEADLINE**	**CUMULATIVE NUMBER OF BUSINESSES TO BE OPERATING BY END OF DEVELOPMENT DEADLINE**
[To sign lease __ months from the Effective Date of this Agreement]; park open date [, 20__]	[1 Business]	[1 Business]
[To sign lease __ Months from the Effective Date of this Agreement]; park open date [, 20__]	[1 Business]	[2 Businesses]
[To sign lease __ Months from the Effective Date of this Agreement]; park open date [, 20__]	[1 Business]	[3 Businesses]

Form of Entity of Developer.

Corporation Or Limited Liability Company. Developer was organized on _____ _____under the laws of the State of _____. Its Federal Employer Identification Number is _____. It has not conducted business under any name other than its corporate or company name.

Name of Each Director/Officer/Managing Member	Position(s) Held

Partnership. Developer is a general or limited partnership formed on _____ , under the laws of the State of _____. Its Federal Employer Identification Number is _____. It has not conducted business under any name other than its partnership name.

Name of Each General Partner

Responsible Person (Section 9.C.). The name and home address of the Responsible Person is as follows: _____

Owners and Control Group (Section 9.A.).

Owners. Developer and each of its Owners represents and warrants that the following is a complete and accurate list of all Owners of any interest whatsoever in Developer, including the full name and mailing address of each Owner, and fully describes the nature and extent of each Owner's interest in Developer. Developer and each Owner as to his ownership interest, represents and warrants that each Owner is the sole and exclusive legal and beneficial owner of his ownership interest in Developer, free and clear of all liens, restrictions, agreements and encumbrances of any kind or nature, other than those required or permitted by this Agreement.

Owner's Name and Address	Percentage and Nature of Ownership Interest

Control Group. You represent and warrant that the following Owner or group of Owners has, directly or indirectly, 51% or more ownership interest in you and voting control over its ownership interests in you and constitutes your Control Group as described in Section 9.A. (Ownership and Control Group) of this Agreement.

Owner's Name and Address	Percentage and Nature of Ownership Interest

[Appendix A Signature Page Follows]

This Appendix A is deemed accepted and made a part of the Multi-Unit Development Agreement as of its Effective Date.

FRANCHISOR

CLOUDBOUND FRANCHISE GROUP, LLC

By: _____
Name:
Title:

Date: _____

DEVELOPER

(IF ENTITY):

_____
[Name]

By: _____
Name: _____
Title: _____

Date: _____

(IF INDIVIDUALS):

_____
[Signature]

_____
[Print Name]

Date: _____

_____
[Signature]

_____
[Print Name]

Date: _____

_____
[Signature]

_____
[Print Name]

Date: _____

DEVELOPMENT AREA
(SECTION 1)

(Park 1)

(Park 2)

APPENDIX B
OWNERS' PERSONAL GUARANTY OF DEVELOPER'S OBLIGATIONS
(attached)

OWNERS' PERSONAL GUARANTY OF DEVELOPER'S OBLIGATIONS ("GUARANTY")

In consideration of, and as an inducement to, the execution of the Cloudbound™ Multi-Unit Development Agreement dated as of _____ (the "**Agreement**") by and between Cloudbound Franchise Group, LLC ("**Franchisor**"), and _____ ("**Developer**"), each of the undersigned hereby personally and unconditionally: (1) guarantees to Franchisor and its successors and assigns, for the term of the Agreement and thereafter as provided in the Agreement, that Developer shall punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement (and any amendments) and that each and every representation of Developer made in connection with the Agreement (and any amendments) are true, correct and complete in all respects at and as of the time given; and (2) agrees personally to be bound by, and personally liable for the breach of, each and every provision in the Agreement (and any amendments), including, without limitation, the confidentiality obligations and non-competition covenants set forth therein.

Each of the undersigned waives: (a) acceptance and notice of acceptance by Franchisor of the foregoing undertakings; (b) notice of demand for payment of any indebtedness or nonperformance of any obligations hereby guaranteed; (c) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed; (d) any right the undersigned may have to require that an action be brought against Developer or any other person as a condition of liability; (e) notice of any amendment to the agreement; and (f) any and all other notices and legal or equitable defenses to which the undersigned may be entitled.

Each of the undersigned consents and agrees that: (i) their direct and immediate liability under this Guaranty shall be joint and several; (ii) they shall render any payment or performance required under the Agreement upon demand if Developer fails or refuses to do so punctually; (iii) such liability shall not be contingent or conditioned upon pursuit by Franchisor of any remedies against Developer or any other person; (iv) Franchisor may proceed against the undersigned and Developer jointly and severally, or Franchisor may, at its option, proceed against the undersigned without having commenced any action or having obtained any judgment against Developer; and (v) such liability shall not be diminished, relieved or otherwise effected by any extension of time, credit or other indulgence which the Franchisor may from time to time grant to Developer or to any other person including, without limitation, the acceptance of any partial payment or performance or the compromise or release of any claims, none of which shall in any way modify or amend this Guaranty, which shall be continuing and irrevocable until satisfied in full; and (vi) the undersigned agrees to pay all reasonable attorneys' fees and all costs and other expenses incurred in any collection or attempt to collect amounts due pursuant to this undertaking or any negotiations relative to the obligations hereby guaranteed or in enforcing this undertaking against the undersigned.

It is further understood and agreed by the undersigned that the provisions, covenants and conditions of the Guaranty will inure to the benefit of our successors and assigns.

This Guaranty shall be governed by the governing law provisions set forth in Section 13 (Governing Law) of the Agreement and all disputes related to it shall be resolved in accordance with the dispute resolution provisions set forth in Sections 12 (Dispute Resolution), 14 (Consent

to Jurisdiction), 15 (Waiver of Punitive Damages, Jury Trial and Class Actions), 16 (Limitation of Claims) of the Agreement.

Each of the undersigned represents and warrants that, if no signature appears below for such undersigned's spouse, such undersigned is either not married or, if married, is a resident of a state which does not require the consent of both spouses to encumber the assets of a marital estate.

[Signature Page Follows]

IN WITNESS WHEREOF, each of the undersigned has affixed his or her signature on the same day and year as the Agreement was executed.

GUARANTOR(S):

Signature:_____

Print Name:_____

Signature:_____

Print Name:_____

Signature:_____

Print Name:_____

Signature:_____

Print Name:_____

The undersigned, as the spouse of the Guarantor indicated below, acknowledges and consents to the guaranty given herein by his/her spouse. Such consent also serves to bind the assets of the marital estate to Guarantor's performance of this Guaranty.

Name of Guarantor	Name of Guarantor
Name of Guarantor's Spouse	Name of Guarantor's Spouse
Signature of Guarantor's Spouse	Signature of Guarantor's Spouse
Name of Guarantor	Name of Guarantor
Name of Guarantor's Spouse	Name of Guarantor's Spouse
Signature of Guarantor's Spouse	Signature of Guarantor's Spouse

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EXHIBIT C TO THE DISCLOSURE DOCUMENT

STATE LAW ADDENDA

CALIFORNIA ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

To the extent the California Franchise Investment Law, Cal. Corp. Code §§ 31000-31516 or the California Franchise Relations Act, Cal. Bus. & Prof. Code §§20000-20043 applies, the terms of this Addendum apply.

THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT.

OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AND COMPLAINTS CONCERNING THE CONTENTS OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT WWW.DFPI.CA.GOV.

SECTION 31125 OF THE CALIFORNIA CORPORATIONS CODE REQUIRES US TO GIVE YOU A DISCLOSURE DOCUMENT, IN A FORM CONTAINING THE INFORMATION THAT THE COMMISSIONER MAY BY RULE OR ORDER REQUIRE, BEFORE A SOLICITATION OF A PROPOSED MATERIAL MODIFICATION OF AN EXISTING FRANCHISE.

Item 3, Additional Disclosure:

Neither we nor any person described in Item 2 of the Disclosure Document is subject to any currently effective order of any National Securities Association or National Securities Exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq. suspending or expelling such persons from membership in such association or exchange.

Item 6, Additional Disclosure:

The highest interest rate allowed by law in California is 10% annually.

Item 17, Additional Disclosures:

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

The franchise agreement requires application of the laws of the state of the franchisor's principal place of business (currently, Utah). This provision may not be enforceable under California law.

The franchise agreement contains a liquidated damages clause. Under California Civil Code §1671, certain liquidated damages clauses are unenforceable.

California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination, transfer or non-renewal of a franchise. If the franchise agreement contains a provision that is inconsistent with the law, the law will control.

The franchise agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. §101 et seq.)

The franchise agreement requires binding arbitration. The arbitration will occur in the city where the franchisor's principal place of business is located (currently, Provo, Utah) with the cost being borne by the parties as determined by the arbitrator. Prospective franchisees are encouraged to consult with private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

The franchise agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

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.

CALIFORNIA ADDENDUM TO FRANCHISE AGREEMENT

To the extent the California Franchise Investment Law, Cal. Corp. Code §§ 31000-31516 or the California Franchise Relations Act, Cal. Bus. & Prof. Code §§20000-20043 applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the Franchise Agreement, to the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

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

The Franchise Agreement requires application of the laws of the state of the franchisor's principal place of business (currently, Utah). This provision may not be enforceable under California law.

The Franchise Agreement contains a liquidated damages clause. Under California Civil Code §1671, certain liquidated damages clauses are unenforceable.

California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination or non-renewal of a franchise. The Federal Bankruptcy Code also provides rights to franchisee concerning termination of the Franchise Agreement upon certain bankruptcy-related events. If the Franchise Agreement is inconsistent with the law, the law will control.

The Franchise Agreement requires binding arbitration. The arbitration will occur in the city of the franchisor's principal place of business (currently, Provo, Utah) with the cost being borne by the parties as determined by the arbitrator. Prospective franchisees are encouraged to consult with private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

The Franchise Agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

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.

2. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

3. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this Addendum shall apply.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

FRANCHISOR:	FRANCHISEE:
CLOUDBOUND FRANCHISE GROUP, LLC	_____
By: _____	By: _____
Its:	Its:
Date: _____	Date: _____

HAWAII ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

To the extent the Hawaii Franchise Investment Law, Hawaii Rev. Stat. §§482E-1 – 482E-12 applies, the terms of this Addendum apply.

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

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

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

HAWAII ADDENDUM TO FRANCHISE AGREEMENT

To the extent the Hawaii Franchise Investment Law, Hawaii Rev. Stat. §§482E-1 – 482E-12 applies, the terms of this Addendum apply.

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

2. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

3. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this Addendum shall apply.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

FRANCHISOR:	FRANCHISEE:
CLOUDBOUND FRANCHISE GROUP, LLC	_____
By: _____	By: _____
Its:	Its:
Date: _____	Date: _____

ILLINOIS ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

To the extent the Illinois Franchise Disclosure Act, Ill. Comp. Stat. §§705/1 – 705/44 applies, the terms of this Addendum apply.

Illinois law governs the Franchise Agreement.

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

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

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

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.

ILLINOIS ADDENDUM TO FRANCHISE AGREEMENT

To the extent the Illinois Franchise Disclosure Act, Ill. Comp. Stat. §§705/1 – 705/44 applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the Franchise Agreement, to the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

Illinois law governs the Franchise Agreement.

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

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

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

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.

2. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

3. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this Addendum shall apply.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

FRANCHISOR:	FRANCHISEE:
CLOUDBOUND FRANCHISE GROUP, LLC	_____
By: _____	By: _____
Its:	Its:
Date: _____	Date: _____

MARYLAND ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

To the extent the Maryland Franchise Registration and Disclosure Law, Md. Code Bus. Reg. §§14-201 – 14-233 applies, the terms of this Addendum apply.

Item 17, Additional Disclosures:

Our termination of the Franchise Agreement because of your bankruptcy may not be enforceable under applicable federal law (11 U.S.C.A. 101 et seq.).

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

Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

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

Franchisee Acknowledgment / Compliance Certification:

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.

MARYLAND ADDENDUM TO FRANCHISE AGREEMENT

To the extent the Maryland Franchise Registration and Disclosure Law, Md. Code Bus. Reg. §§14-201 – 14-233 applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the Franchise Agreement, to the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

> 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.
>
> Nothing in the Franchise Agreement prevents the franchisee from bringing a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.
>
> Nothing in the Franchise Agreement operates to reduce the 3-year statute of limitations afforded to a franchisee for bringing a claim arising under the Maryland Franchise Registration and Disclosure Law. Further, any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.
>
> The Federal Bankruptcy laws may not allow the enforcement of the provisions for termination upon bankruptcy of the franchisee.
>
> 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.

2. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

3. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this Addendum shall apply.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

FRANCHISOR:	FRANCHISEE:
CLOUDBOUND FRANCHISE GROUP, LLC	_____
By: _____	By: _____
Its:	Its:
Date: _____	Date: _____

MINNESOTA ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

To the extent the Minnesota Franchise Act, Minn. Stat. §§80C.01 – 80C.22 applies, the terms of this Addendum apply.

State Cover Page and Item 17, Additional Disclosures:

Minn. Stat. Sec. 80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside of 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 Disclosure Document shall abrogate or reduce any of your rights as provided for in Minn. Stat. Sec. 80C, or your rights to any procedure, forum or remedies provided for by the laws of the jurisdiction.

Franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. A court will determine if a bond is required.

Item 6, Additional Disclosure:

NSF checks are governed by Minn. Stat. 604.113, which puts a cap of $30 on service charges.

Item 13, Additional Disclosures:

The Minnesota Department of Commerce requires that a franchisor indemnify Minnesota Franchisees against liability to third parties resulting from claims by third parties that the franchisee's use of the franchisor's trademark infringes upon the trademark rights of the third party. The franchisor does not indemnify against the consequences of a franchisee's use of a franchisor's trademark except in accordance with the requirements of the franchise agreement, and as the condition to an indemnification, the franchisee must provide notice to the franchisor of any such claim immediately and tender the defense of the claim to the franchisor. If the franchisor accepts tender of defense, the franchisor has the right to manage the defense of the claim, including the right to compromise, settle or otherwise resolve the claim, or to determine whether to appeal a final determination of the claim.

Item 17, Additional Disclosures:

Any condition, stipulation or provision, including any choice of law provision, purporting to bind any person who, at the time of acquiring a franchise is a resident of the State of Minnesota or in the case of a partnership or corporation, organized or incorporated under the laws of the State of Minnesota, or purporting to bind a person acquiring any franchise to be operated in the State of Minnesota to waive compliance or which has the effect of waiving compliance with any provision of the Minnesota Franchise Law is void.

We will comply with Minn. Stat. Sec. 80C.14, subds. 3, 4 and 5, which requires, except in certain specified cases, that a franchisee be given 90 days' notice of termination (with 60 days to cure), 180 days' notice for nonrenewal of the Franchise Agreement, and that consent to the transfer of the franchise will not be unreasonably withheld.

Minnesota Rule 2860.4400D prohibits a franchisor from requiring a franchisee to assent to a general release, assignment, novation, or waiver that would relieve any person from liability imposed by Minnesota Statute §§80C.01 – 80C.22.

The limitations of claims section must comply with Minn. Stat. Sec. 80C.17, subd. 5.

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.

MINNESOTA ADDENDUM TO FRANCHISE AGREEMENT

To the extent the Minnesota Franchise Act, Minn. Stat. §§80C.01 – 80C.22 applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the Franchise Agreement, to the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

With respect to franchises governed by Minnesota Franchise Law, franchisor shall comply with Minn. Stat. Sec. 80C.14, subd. 4 which requires that except for certain specified cases, that franchisee be given 180 days' notice for non-renewal of this Franchise Agreement.

The Minnesota Department of Commerce requires that franchisor indemnify franchisees whose franchise is located in Minnesota against liability to third parties resulting from claims by third parties that the franchisee's use of franchisor's trademarks ("Marks") infringe upon the trademark rights of the third party. Franchisor does not indemnify against the consequences of a franchisee's use of franchisor's trademark but franchisor shall indemnify franchisee for claims against franchisee solely as it relates to franchisee's use of the Marks in accordance with the requirements of the Franchise Agreement and franchisor's standards. As a further condition to indemnification, the franchisee must provide notice to franchisor of any such claim immediately and tender the defense of the claim to franchisor. If franchisor accepts tender of defense, franchisor has the right to manage the defense of the claim, including the right to compromise, settle or otherwise resolve the claim, or to determine whether to appeal a final determination of the claim.

Franchisee will not be required to assent to a release, assignment, novation, or waiver that would relieve any person from liability imposed by Minnesota Statute §§ 80C.01 – 80C.22.

With respect to franchises governed by Minnesota Franchise Law, franchisor shall comply with Minn. Stat. Sec. 80C.14, subd. 3 which requires that except for certain specified cases, a franchisee be given 90 days' notice of termination (with 60 days to cure). Termination of the franchise by the franchisor shall be effective immediately upon receipt by franchisee of the notice of termination where its grounds for termination or cancellation are: (1) voluntary abandonment of the franchise relationship by the franchisee; (2) the conviction of the franchisee of an offense directly related to the business conducted according to the Franchise Agreement; or (3) failure of the franchisee to cure a default under the Franchise Agreement which materially impairs the goodwill associated with the franchisor's trade name, trademark, service mark, logo type or other commercial symbol after the franchisee has received written notice to cure of at least twenty-four (24) hours in advance thereof.

According to Minn. Stat. Sec. 80C.21 in Minnesota Rules or 2860.4400J, the terms of the Franchise Agreement shall not in any way abrogate or reduce your rights as provided for in Minn. Stat. 1984, Chapter 80C, including the right to submit certain matters to the jurisdiction of the courts of Minnesota. In addition, nothing in this Franchise Agreement shall abrogate or reduce any of franchisee's rights as provided for in Minn. Stat. Sec. 80C, or your rights to any procedure, forum or remedy provided for by the laws of the State of Minnesota.

Any claims franchisee may have against the franchisor that have arisen under the Minnesota Franchise Laws shall be governed by the Minnesota Franchise Law.

The Franchise Agreement contains a waiver of jury trial provision. This provision may not be enforceable under Minnesota law.

Franchisee consents to the franchisor seeking injunctive relief without the necessity of showing actual or threatened harm. A court shall determine if a bond or other security is required.

The Franchise Agreement contains a liquidated damages provision. This provision may not be enforceable under Minnesota law.

Any action pursuant to Minnesota Statutes, Section 80C.17, Subd. 5 must be commenced no more than 3 years after the cause of action accrues.

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.

2. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

3. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this Addendum shall apply.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

FRANCHISOR:	FRANCHISEE:
CLOUDBOUND FRANCHISE GROUP, LLC	_____
By: _____	By: _____
Its:	Its:
Date: _____	Date: _____

NEW YORK ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

To the extent the New York General Business Law, Article 33, §§680 - 695 applies, the terms of this Addendum apply.

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

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

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

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

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

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

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

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation, or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective

order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

Item 5, Additional Disclosures.

The initial franchise fee constitutes part of our general operating funds and will be used as such in our discretion.

3. The following is added to the end of the "Summary" sections of Item 17(c), titled "Requirements for a franchisee to renew or extend," and Item 17(m), 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 Item 17(d), titled "Termination by franchisee":

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

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

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

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

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

NEW YORK ADDENDUM TO FRANCHISE AGREEMENT

To the extent the New York General Business Law, Article 33, §§680 - 695 applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the Franchise Agreement, to the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

Any provision in the Franchise Agreement that is inconsistent with the New York General Business Law, Article 33, Section 680 - 695 may not be enforceable.

Any provision in the Franchise Agreement requiring franchisee to sign a general release of claims against franchisor does not release any claim franchisee may have under New York General Business Law, Article 33, Sections 680-695.

The New York Franchise Law shall govern any claim arising under that law.

2. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

3. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this Addendum shall apply.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

FRANCHISOR:	FRANCHISEE:
CLOUDBOUND FRANCHISE GROUP, LLC	_____
By: _____	By: _____
Its:	Its:
Date: _____	Date: _____

NORTH DAKOTA ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

To the extent the North Dakota Franchise Investment Law, N.D. Cent. Code, §§51-19-01 – 51-19-17 applies, the terms of this Addendum apply.

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

Any provision requiring franchisees to consent to the jurisdiction of courts outside North Dakota or to consent to the application of laws of a state other than North Dakota may be unenforceable under North Dakota law. Any mediation or arbitration will be held at a site agreeable to all parties. If the laws of a state other than North Dakota govern, to the extent that such law conflicts with North Dakota law, North Dakota law will control.

Any general release the franchisee is required to assent to as a condition of renewal is not intended to nor shall it act as a release, estoppel or waiver of any liability franchisor may have incurred under the North Dakota Franchise Investment Law.

Covenants not to compete during the term of and upon termination or expiration of the franchise agreement are enforceable only under certain conditions according to North Dakota law. If the Franchise Agreement contains a covenant not to compete that is inconsistent with North Dakota law, the covenant may be unenforceable.

The Franchise Agreement includes a waiver of exemplary and punitive damages. This waiver may not be enforceable under North Dakota law.

The Franchise Agreement stipulates that the franchisee shall pay all costs and expenses incurred by franchisor in enforcing the agreement. For North Dakota franchisees, the prevailing party is entitled to recover all costs and expenses, including attorneys' fees.

The Franchise Agreement requires the franchisee to consent to a waiver of trial by jury. This waiver may not be enforceable under North Dakota law.

The Franchise Disclosure Document and Franchise Agreement state that franchisee must consent to the jurisdiction of courts outside the State of North Dakota. That requirement may not be enforceable under North Dakota law.

The Franchise Disclosure Document and Franchise Agreement may require franchisees to consent to termination or liquidated damages. This requirement may not be enforceable under North Dakota law.

The Franchise Agreement requires the franchisee to consent to a limitation of claims within one year. To the extent this requirement conflicts with North Dakota law, North Dakota law will apply.

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.

NORTH DAKOTA ADDENDUM TO FRANCHISE AGREEMENT

To the extent the North Dakota Franchise Investment Law, N.D. Cent. Code, §§51-19-01 – 51-19-17 applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the Franchise Agreement, to the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

Any release executed in connection with a renewal shall not apply to any claims that may arise under the North Dakota Franchise Investment Law.

Covenants not to compete during the term of and upon termination or expiration of the franchise agreement are enforceable only under certain conditions according to North Dakota law. If the Franchise Agreement contains a covenant not to compete that is inconsistent with North Dakota law, the covenant may be unenforceable.

The choice of law other than the State of North Dakota may not be enforceable under the North Dakota Franchise Investment Law. If the laws of a state other than North Dakota govern, to the extent that such law conflicts with North Dakota law, North Dakota law will control.

The waiver of punitive or exemplary damages may not be enforceable under the North Dakota Franchise Investment Law.

The waiver of trial by jury may not be enforceable under the North Dakota Franchise Investment Law.

The requirement that arbitration be held outside the State of North Dakota may not be enforceable under the North Dakota Franchise Investment Law. Any mediation or arbitration will be held at a site agreeable to all parties.

The requirement that a franchisee consent to termination or liquidated damages has been determined by the Commissioner to be unfair, unjust and inequitable within the intent of the North Dakota Franchise Investment Law. This requirement may not be enforceable under North Dakota law.

The Franchise Agreement states that franchisee must consent to the jurisdiction of courts located outside the State of North Dakota. This requirement may not be enforceable under North Dakota law.

The Franchise Agreement requires the franchisee to consent to a limitation of claims within one year. To the extent this requirement conflicts with North Dakota law, North Dakota law will apply.

Franchise Agreement stipulates that the franchisee shall pay all costs and expenses incurred by Franchisor in enforcing the agreement. For North Dakota franchisees, the prevailing party is entitled to recover all costs and expenses, including attorneys' fees.

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.

2. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

3. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this Addendum shall apply.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

FRANCHISOR:	FRANCHISEE:
CLOUDBOUND FRANCHISE GROUP, LLC	_____
By: _____	By: _____
Its:	Its:
Date: _____	Date: _____

RHODE ISLAND ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

To the extent the Rhode Island Franchise Investment Act, R.I. Gen. Law ch. 395 §§19-28.1-1 – 19-28.1-34 applies, the terms of this Addendum apply.

Item 17, Additional Disclosure. The following statement is added to Item 17:

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

RHODE ISLAND ADDENDUM TO FRANCHISE AGREEMENT

To the extent the Rhode Island Franchise Investment Act, R.I. Gen. Law ch. 395 §§19-28.1-1 – 19-28.1-34 applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the Franchise Agreement, to the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

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

2. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

3. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this Addendum shall apply.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

FRANCHISOR:	FRANCHISEE:
CLOUDBOUND FRANCHISE GROUP, LLC	_____
By: _____	By: _____
Its:	Its:
Date: _____	Date: _____

VIRGINIA ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

To the extent the Virginia Retail Franchising Act, Va. Code §§13.1-557 – 13.1-574 applies, the terms of this Addendum apply.

Item 17, Additional Disclosures:

Any provision in any of the contracts that you sign with us which provides for termination of the franchise upon the bankruptcy of the franchisee may not be enforceable under federal bankruptcy law (11 U.S.C. 101 et. seq.).

"According to Section 13.1 – 564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the 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."

Franchise Questionnaires and Acknowledgments:

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.

VIRGINIA ADDENDUM TO FRANCHISE AGREEMENT

To the extent the Virginia Retail Franchising Act, Va. Code §§13.1-557 – 13.1-574 applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the Franchise Agreement, to the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

> "According 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."
>
> 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.

2. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

3. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this Addendum shall apply.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

FRANCHISOR:	FRANCHISEE:
CLOUDBOUND FRANCHISE GROUP, LLC	_____
By: _____	By: _____
Its:	Its:
Date: _____	Date: _____

WASHINGTON ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT, THE FRANCHISE AGREEMENT, AND ALL RELATED AGREEMENTS

The provisions of this Addendum form an integral part of, are incorporated into, and modify the Franchise Disclosure Document, the franchise agreement, and all related agreements regardless of anything to the contrary contained therein. This Addendum applies if: (a) the offer to sell a franchise is accepted in Washington; (b) the purchaser of the franchise is a resident of Washington; and/or (c) the franchised business that is the subject of the sale is to be located or operated, wholly or partly, in Washington.

1. Conflict of Laws. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, chapter 19.100 RCW will prevail.

2. Franchisee Bill of Rights. RCW 19.100.180 may supersede provisions in the franchise agreement or related agreements concerning your relationship with the franchisor, including in the areas of termination and renewal of your franchise. There may also be court decisions that supersede the franchise agreement or related agreements concerning your relationship with the franchisor. Franchise agreement provisions, including those summarized in Item 17 of the Franchise Disclosure Document, are subject to state law.

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

4. General Release. A release or waiver of rights in the franchise agreement or related agreements purporting to bind the franchisee to waive compliance with any provision under the Washington Franchise Investment Protection Act or any rules or orders thereunder is void except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2). In addition, any such release or waiver executed in connection with a renewal or transfer of a franchise is likewise void except as provided for in RCW 19.100.220(2).

5. Statute of Limitations and Waiver of Jury Trial. Provisions contained in the franchise agreement or related agreements that unreasonably restrict or limit the statute of limitations period for claims under the Washington Franchise Investment Protection Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

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

7. Termination by Franchisee. The franchisee may terminate the franchise agreement under any grounds permitted under state law.

8. Certain Buy-Back Provisions. Provisions in franchise agreements or related agreements that permit the franchisor to repurchase the franchisee's business for any reason during the term of the franchise

agreement without the franchisee's consent are unlawful pursuant to RCW 19.100.180(2)(j), unless the franchise is terminated for good cause.

9. Fair and Reasonable Pricing. Any provision in the franchise agreement or related agreements that requires the franchisee to purchase or rent any product or service for more than a fair and reasonable price is unlawful under RCW 19.100.180(2)(d).

10. Waiver of Exemplary & Punitive Damages. RCW 19.100.190 permits franchisees to seek treble damages under certain circumstances. Accordingly, provisions contained in the franchise agreement or elsewhere requiring franchisees to waive exemplary, punitive, or similar damages are void, except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2).

11. Franchisor's Business Judgement. Provisions in the franchise agreement or related agreements stating that the franchisor may exercise its discretion on the basis of its reasonable business judgment may be limited or superseded by RCW 19.100.180(1), which requires the parties to deal with each other in good faith.

12. Indemnification. Any provision in the franchise agreement or related agreements requiring the franchisee to indemnify, reimburse, defend, or hold harmless the franchisor or other parties is hereby modified such that the franchisee has no obligation to indemnify, reimburse, defend, or hold harmless the franchisor or any other indemnified party for losses or liabilities to the extent that they are caused by the indemnified party's negligence, willful misconduct, strict liability, or fraud.

13. Attorneys' Fees. If the franchise agreement or related agreements require a franchisee to reimburse the franchisor for court costs or expenses, including attorneys' fees, such provision applies only if the franchisor is the prevailing party in any judicial or arbitration proceeding.

14. Noncompetition Covenants. 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 provision contained in the franchise agreement or elsewhere that conflicts with these limitations is void and unenforceable in Washington.

15. Nonsolicitation Agreements. 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.

16. Questionnaires and Acknowledgments. 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.

17. Prohibitions on Communicating with Regulators. Any provision in the franchise agreement or related agreements that prohibits the franchisee from communicating with or complaining to regulators is inconsistent with the express instructions in the Franchise Disclosure Document and is unlawful under RCW 19.100.180(2)(h).

18. Advisory Regarding Franchise Brokers. Under the Washington Franchise Investment Protection Act, a "franchise broker" is defined as a person that engages in the business of the offer or sale of franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. If a franchisee is working with a franchise broker, franchisees are advised to carefully evaluate any information provided by the franchise broker about a franchise.

The undersigned parties do hereby acknowledge receipt of this Addendum.

Dated this _____ day of _____20_____.

FRANCHISOR:	FRANCHISEE:
CLOUDBOUND FRANCHISE GROUP, LLC	_____
By: _____	By: _____
Its:	Its:
Date: _____	Date: _____

WISCONSIN ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

To the extent the Wisconsin Franchise Investment Law, Wis. Stat. §§553.01 – 553.78 or Wisconsin Fair Dealership Law, Wis. Stat. §§135.01 – 135.07 applies, the terms of this Addendum apply.

Item 17, Additional Disclosures:

For all franchisees residing in the State of Wisconsin, we will provide you at least 90 days' prior written notice of termination, cancellation or substantial change in competitive circumstances. The notice will state all the reasons for termination, cancellation or substantial change in competitive circumstances and will provide that you have 60 days in which to cure any claimed deficiency. If this deficiency is cured within 60 days, the notice will be void. If the reason for termination, cancellation or substantial change in competitive circumstances is nonpayment of sums due under the franchise, you will have 10 days to cure the deficiency.

For Wisconsin franchisees, Ch. 135, Stats., the Wisconsin Fair Dealership Law, supersedes any provisions of the Franchise Agreement or a related contract which is inconsistent with the Law.

WISCONSIN ADDENDUM TO FRANCHISE AGREEMENT

To the extent the Wisconsin Franchise Investment Law, Wis. Stat. §§553.01 – 553.78 or Wisconsin Fair Dealership Law, Wis. Stat. §§135.01 – 135.07 applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the Franchise Agreement, to the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

> To the extent any of the provisions regarding notice of termination or change in dealership are in conflict with Section 135.04 of the Wisconsin Fair Dealership Law, the Wisconsin law shall apply.

2. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

3. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this Addendum shall apply.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

FRANCHISOR:	FRANCHISEE:
CLOUDBOUND FRANCHISE GROUP, LLC	_____
By: _____	By: _____
Its:	Its:
Date: _____	Date: _____

EXHIBIT D TO THE DISCLOSURE DOCUMENT

OPERATIONS MANUAL TABLE OF CONTENTS

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EXHIBIT E TO THE DISCLOSURE DOCUMENT

LIST OF FRANCHISEES
(as of December 31, 2024)

NONE.

LIST OF FRANCHISEES WHO LEFT THE SYSTEM IN 2024
(as of December 31, 2024)

NONE.

LIST OF TERMINATIONS, NON-RENEWALS, REACQUIRED BY FRANCHISOR AND CEASED OPERATIONS/OTHER

NONE.

The following Franchisees have signed a Franchise Agreement but did not have their Parks open by the end of the most recent fiscal year:

NONE.

If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

EXHIBIT F TO THE DISCLOSURE DOCUMENT

FINANCIAL STATEMENTS

Cloudbound Franchise Group, LLC
Balance Sheet
August 15, 2025

Cloudbound Franchise Group, LLC
Index
August 15, 2025

Page(s)

pwc

Report of Independent Auditors

To the Management of Cloudbound Franchise Group, LLC

Opinion

We have audited the accompanying balance sheet of Cloudbound Franchise Group, LLC (the "Company") as of August 15, 2025, including the related notes (referred to as the "balance sheet").

In our opinion, the accompanying balance sheet presents fairly, in all material respects, the financial position of the Company as of August 15, 2025 in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Balance Sheet section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Balance Sheet

Management is responsible for the preparation and fair presentation of the balance sheet 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 a balance sheet that is free from material misstatement, whether due to fraud or error.

In preparing the balance sheet, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date the balance sheet is available to be issued.

Auditors' Responsibilities for the Audit of the Balance Sheet

Our objectives are to obtain reasonable assurance about whether the balance sheet as a whole is 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 US 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 balance sheet.

PricewaterhouseCoopers LLP, One Utah Center, 201 South Main Street, Suite 900, Salt Lake City, UT 84111
T: (801) 531 9666

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the balance sheet, 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 balance sheet.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the balance sheet.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

PricewaterhouseCoopers LLP

September 29, 2025
Salt Lake City, Utah

Cloudbound Franchise Group, LLC
Balance Sheet
August 15, 2025

Assets	
Cash	$ 500,000
Total assets	$ 500,000
Member's equity	
Member's equity	$ 500,000
Total member's equity	$ 500,000

The accompanying notes are an integral part of this balance sheet.

Cloudbound Franchise Group, LLC
Notes to the Balance Sheet
August 15, 2025

1. Organization and Summary of Significant Account Policies

Organization and Nature of Operations
Cloudbound Franchise Group, LLC ("the Company") was formed on February 20, 2025 in the state of Delaware as a limited liability company and is a wholly owned subsidiary of CircusTrix Holdings, LLC. The Company will act as a guarantor entity for the franchising of aerial sports recreation facilities.

Basis of Presentation
The balance sheet and related notes are prepared using the accrual method of accounting and presented in accordance with accounting principles generally accepted in the United States of America ("GAAP").

Use of Estimates
The preparation of the balance sheet in conformity with accounting principles generally accepted in United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and equity at the date of the balance sheet. Actual results could differ from those estimates.

Income Taxes
The Company is a single-member limited liability company ("LLC") and is treated as a "disregarded entity" for income tax purposes. The operating results of the Company will be included in the tax return of the sole member. Accordingly, no provision for income taxes will be included in the balance sheet.

Cash and Cash Equivalents
The Company considers all highly liquid instruments purchased with a maturity of three months or less to be cash equivalents to the extent the funds are not being held for investment purposes. Cash balances are FDIC insured to the legal maximum of $250,000 for each ownership category.

2. Member's Equity

The Company is a Limited Liability Company, and as of August 15, 2025 had one member.

3. Subsequent Events

The Company reviewed all material events from August 15, 2025 through the date the balance sheet was available to be issued, September 29, 2025. No items were identified that would materially affect the balance sheet or require additional disclosure.

EXHIBIT G TO THE DISCLOSURE DOCUMENT

STATE AGENCIES AND AGENTS FOR SERVICE OF PROCESS

Listed here are the names, addresses and telephone numbers of the state agencies having responsibility for franchising disclosure/registration laws. We may not yet be registered to sell franchises in any or all of these states. There may be states in addition to those listed below in which we have appointed an agent for service of process. There may also be additional agents appointed in some of the states listed.

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
CALIFORNIA	Department of Financial Protection and Innovation One Sansome Street, Suite 600 San Francisco, CA 94104 (415) 972-8559 (866) 275-2677	Commissioner of Department of Financial Protection and Innovation 320 West 4th Street, Suite 750 Los Angeles, CA 90013-2344 (866) 275-2677
FLORIDA	Dept. of Agriculture & Consumer Services Division of Consumer Services Mayo Building, Second Floor Tallahassee, FL 32399-0900 (850) 245-6000	Same
HAWAII	Dept. of Commerce & Consumer Affairs Business Registration Division Commissioner of Securities 335 Merchant Street, Room 203 Honolulu, HI 96813 (808) 586-2722	Commissioner of Securities of the State of Hawaii Dept. of Commerce & Consumer Affairs Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, HI 96813
ILLINOIS	Franchise Division Office of the Attorney General 500 South Second Street Springfield, IL 62706 (217) 782-4465	Illinois Attorney General Same Address
INDIANA	Securities Commissioner Indiana Securities Division 302 West Washington Street, Room E 111 Indianapolis, IN 46204 (317) 232-6681	Indiana Secretary of State 302 West Washington Street, Room E 018 Indianapolis, IN 46204 (317) 232-6531
KENTUCKY	Kentucky Attorney General's Office Consumer Protection Division 1024 Capitol Center Drive Frankfort, KY 40602 (502) 696-5389	Same

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
MARYLAND	Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360	Maryland Securities Commissioner Same Address
MICHIGAN	Michigan Dept. of Attorney General Corporate Oversight Division Attn: Franchise Section 525 W. Ottawa Street G. Mennen Williams Bldg., 5th Floor Lansing, MI 48913 (517) 373-7117	Michigan Dept. of Attorney General Same
MINNESOTA	Minnesota Dept. of Commerce 85 7th Place East, Suite 280 St. Paul, MN 55101-2198 (651) 539-1600	Minnesota Commissioner of Commerce Same Address
NEBRASKA	Dept. of Banking & Finance Bureau of Securities/Financial Institutions Division 1526 K Street, Suite 300 Lincoln, NE 68505-2732 P.O. Box 95006 Lincoln, NE 68509-5006 (402) 471-2171	Same
NEW YORK	New York State Dept. of Law Investor Protection Bureau 28 Liberty Street, 21st Floor New York, NY 10005 Phone: (212) 416-8236 Fax: (212) 416-6042	New York Secretary of State New York Dept. of State One Commerce Plaza 99 Washington Avenue, 6th Floor Albany, NY 12231-0001 (518) 473-2492
NORTH DAKOTA	North Dakota Insurance & Securities Dept. 600 East Boulevard Avenue Bismarck, ND 58505-0510 Phone: (701) 328-2910	Insurance Commissioner North Dakota Insurance & Securities Dept. Same Address
RHODE ISLAND	Dept. of Business Regulation Securities Division 1511 Pontiac Avenue John O. Pastore Complex – Bldg. 68-2 Cranston, RI 02920 (401) 222-3048	Director, Dept. of Business Regulation, Securities Division Same Address

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
SOUTH DAKOTA	Department of Labor and Regulation Division of Insurance – Securities Regulation 124 S. Euclid, Suite 104 Pierre, SD 57501 (605) 773-3563	Director of the Department of Labor and Regulation Division of Insurance – Securities Regulation Same Address
TEXAS	Secretary of State Statutory Documents Section P.O. Box 12887 Austin, TX 78711-2887 (512) 475-1769	Same
UTAH	Utah Dept. of Commerce Consumer Protection Division 160 East 300 South (P.O. Box 45804) Salt Lake City, UT 84145-0804 Phone: (801) 530-6601 Fax: (801) 530-6001	Same
VIRGINIA	State Corporation Commission Div. of Securities & Retail Franchising 1300 E. Main Street, 9th Floor Richmond, VA 23219 (804) 371-9051	Clerk, State Corporation Commission 1300 E. Main Street, 1st Floor Richmond, VA 23219-3630 (804) 371-9672
WASHINGTON	Dept. of Financial Institutions Securities Division 150 Israel Rd S.W. Tumwater, WA 98501 (360) 902-8760	Director, Dept. of Financial Institutions Securities Division Same Address
WISCONSIN	Dept. of Financial Institutions Division of Securities 4822 Madison Yards Way, North Tower Madison, WI 53705 (608) 266-3431	Wisconsin Commissioner of Securities Same Address

EXHIBIT H TO THE DISCLOSURE DOCUMENT

AGREEMENT AND CONDITIONAL CONSENT TO TRANSFER

AGREEMENT AND CONDITIONAL CONSENT TO TRANSFER

Park Address: [ADDRESS]

THIS AGREEMENT AND CONDITIONAL CONSENT TO TRANSFER ("**Consent**") is made by and among **CLOUDBOUND FRANCHISE GROUP, LLC**, a Delaware limited liability company ("**Franchisor**"); [SELLER] ("**Seller**"); [SELLER GUARANTOR] ("**Seller Guarantor**"); and [BUYER] ("**Buyer**"), effective as of the last signature date below (the "**Effective Date**"). All terms capitalized in this Consent and not otherwise defined herein shall have the meanings ascribed to them in the Seller Franchise Agreement (defined below) or the Buyer Franchise Agreement (defined below), as the case may be.

Recitals

A. Seller is the franchisee under that certain franchise agreement dated [DATE], as it may have been amended by subsequent addendum or addenda (the "**Seller Franchise Agreement**"), governing the ownership and operation of the Cloudbound™ park at [ADDRESS] (the "**Park**").

B. Seller Guarantor personally guaranteed all of the obligations under the Seller Franchise Agreement.

C. Seller has notified Franchisor that it and Buyer have entered into a purchase and sale agreement dated [DATE] (the "**Purchase Agreement**"), pursuant to which Seller has agreed to sell, and Buyer has agreed to purchase, all of the rights, obligations and assets relating to the Park (the "**Interests**").

D. Buyer has also agreed to (1) assume the lease obligations for the Park, and (2) enter into Franchisor's current form of franchise agreement to govern the ownership and operation of the Park (the "**Buyer Franchise Agreement**") (the transfer of Interests under the Purchase Agreement, the assumption by Buyer of the Park's lease obligations and the execution of the Buyer Franchise Agreement, collectively referred to as the "**Transfer**").

E. Franchisor has agreed not to exercise its right of first refusal as set forth in the Seller Franchise Agreement and has agreed to approve the Transfer of the Park in accordance with the terms, and subject to the conditions, set forth in this Consent.

Agreement

NOW, THEREFORE, for and in consideration of the foregoing recitals, which are incorporated herein, the mutual covenants contained herein and other valuable consideration, receipt and sufficiency of which are acknowledged, the parties agree as follows:

1. **Effective Date**. The "**Effective Date**" will be the date on which Franchisor signs this Consent acknowledging its consent to the proposed Transfer, which date shall be consistent with the effective date of the Buyer Franchise Agreement.

2. **Purchase Agreement**. Seller and Buyer represent and warrant that the form of Purchase Agreement provided to Franchisor is the final version of the Purchase Agreement and is the version which has been, or will be, executed by them to effectuate the Transfer. The Purchase Agreement will not be amended, and the terms set forth in the Purchase Agreement will not be changed, except with the prior written consent of Franchisor.

3. **Conditional Consent; Release of Guaranty**. Notwithstanding anything in this Consent to the contrary, the consent and release set forth herein are expressly contingent upon compliance with the following terms and conditions on or before the date of the closing of the Transfer (the "**Closing Date**"):

a. Franchise Agreement. The Seller Franchise Agreement will terminate as of the Closing Date in accordance with the terms set forth in Section 7 below, and the operation of the Park will thereafter be governed by the Buyer Franchise Agreement.

b. Payment of Amounts Due. Seller will pay to Franchisor and its affiliates all amounts due from or accrued by Seller (or any affiliate of Seller) through the Closing Date.

c. Transfer Fee. Upon execution of this Consent by Seller and Buyer, a transfer fee in the amount of [_____] (the "**Transfer Fee**") shall be paid to Franchisor via cashier's check or wire transfer. Except as described in Section 5 below, Seller and Buyer acknowledge and agree that Franchisor has earned the Transfer Fee upon receipt thereof and that the Transfer Fee is not refundable, except as provided below.

d. Fee Deposit. Upon execution of this Consent by Seller and Buyer, Seller agrees to deposit [_____] (the "**Fee Deposit**") with Franchisor via cashier's check or wire transfer. Franchisor will refund the Fee Deposit to Seller, less any amounts which may be due pursuant to Section 3.b, within sixty (60) days following the later of the Closing Date or the date upon which Seller and Buyer comply with all terms and conditions set forth in this Consent.

e. Training. Prior to the Closing Date, Buyer (or its Responsible Person) and its Management Team (as such terms are defined in the Buyer Franchise Agreement) shall satisfactorily complete Franchisor's initial training program (the "**Training Program**") or must be currently approved by Franchisor to operate and manage the Park.

f. Right to Possession. Buyer will provide satisfactory evidence to Franchisor that Buyer has the right to possession of the Park by way of lease assignment and/or assumption or otherwise (with all required landlord consents), as more fully described in Section 6 below.

g. Seller Financing. Regardless of any provision of the Purchase Agreement (or any other agreement) to the contrary, if Seller provides financing to Buyer for any

portion of the purchase price for the Park and such financing is secured by any assets of the Park, Seller acknowledges and agrees that Seller does not and will not have any interests or rights, revisionary or otherwise, to operate the Park after the Closing Date pursuant to the Seller Franchise Agreement or Buyer Franchise Agreement.

h. Park Upgrades/Renovations. Buyer will complete the upgrades and renovations of the Park identified within the "Park Improvement Plan" document attached as Exhibit A hereto, at Buyer's expense, as required to bring the condition and appearance of the Park into compliance with Franchisor's current Methods of Operation and other System requirements. Buyer shall complete all requirements and specifications in Exhibit A within the timeframes specified therein, but in no event later than six (6) months from the Effective Date.

4. **Waiver of Right of First Refusal**. Franchisor hereby waives its right of first refusal to purchase the Interests, as set forth in the Seller Franchise Agreement.

5. **Contingency**. This Consent and the Buyer Franchise Agreement may be terminated by Franchisor if:

a. The Transfer between Seller and Buyer is cancelled, or otherwise not approved by Franchisor;

b. Seller and/or Buyer fail to meet any of the conditions and/or requirements set forth in this Consent, the Seller Franchise Agreement, and/or the Buyer Franchise Agreement; or

c. Seller and Buyer fail to change possession and/or ownership of the Park for any reason within ninety (90) days following the anticipated Closing Date.

In the event of such termination, Seller and Buyer will execute a termination and release agreement (in a form acceptable to Franchisor) pursuant to which Franchisor will refund the Transfer Fee, without interest; provided, however, if Buyer or its Management Team have attended any portion of the Training Program, Franchisor will only be obligated to refund fifty percent (50%) of the Transfer Fee. Further, the Seller Franchise Agreement will remain in full force and effect and Seller and Seller Guarantors will continue to be bound to their respective obligations set forth therein.

6. **Assignment/Assumption of Lease**. Seller and Buyer acknowledge that one of the requirements of Franchisor's consent is that the Park lease be assigned to and/or otherwise assumed by the Buyer and that the lease for the Park may require consent of and/or notice to the landlord with respect to such assignment and/or assumption. Provided (a) Buyer takes an assignment of the existing lease for the Park; (b) the terms of such lease are not amended; and (c) the lease for the Park includes the terms of Franchisor's required lease addendum, Franchisor waives the requirement for lease review and approval set forth in the Buyer Franchise Agreement. If (i) the lease terms are amended; (ii) the lease for the Park does not include the terms of

Franchisor's required lease addendum; or (iii) Buyer enters into a new lease for the Park, all lease review and approval requirements set forth in the Buyer Franchise Agreement shall remain applicable. Buyer acknowledges and agrees that Franchisor's approval of the Park location and waiver of the lease review requirement or approval of the lease terms do not constitute a recommendation, endorsement, or guarantee by Franchisor of the suitability of the Park location or the lease, and Buyer acknowledges that it has taken all steps necessary to ascertain whether the Park location and lease are acceptable to Buyer.

7. **Termination of Seller Franchise Agreement and Guaranties**. Franchisor and Seller acknowledge and agree that upon the Transfer and compliance with the conditions set forth in Section 3 above, the Seller Franchise Agreement and associated guaranties will automatically terminate as of the Closing Date and neither Seller nor Seller Guarantor shall have any further rights or obligations thereunder except that neither Seller nor Seller Guarantor shall be released from:

a. any obligations to pay money to Franchisor under the Seller Franchise Agreement, any related guaranty agreements, or otherwise in connection with obligations arising prior to the Closing Date (whether known or unknown as of the Closing Date);

b. the provisions of the Seller Franchise Agreement that, either expressly or by their nature, survive termination of the Seller Franchise Agreement (including, without limitation, the provisions related to confidential information, post-termination restrictive covenants, indemnification, notice, governing law, jurisdiction and venue, and dispute resolution); or

c. any obligations to pay any required payments pursuant to the Master Insurance Program for all incidents that arise or are related to injuries or other claims, demands, or judgments through the Closing Date and regardless of whether the Fee Deposit has been refunded, in whole or in part, in accordance with Section 3.d. above. Each Guarantor shall be liable for all costs and expenses (including reasonable attorneys' fees) incurred by Franchisor or its affiliates enforcing this provision of this Consent.

8. **Release of Franchisor**. Seller, Seller Guarantor, and Buyer, and each of them, on behalf of themselves and each of their respective current and former owners, agents, principals, officers, directors, shareholders, members, partners, employees, representatives, attorneys, spouses, parent companies, predecessors, affiliates, subsidiaries, successors and assigns, hereby fully and forever unconditionally release and discharge Franchisor and its current and former owners, agents, principals, officers, directors, shareholders, members, partners, employees, representatives, attorneys, franchisees, area directors, parent companies, predecessors, affiliates, subsidiaries, successors, and assigns (the "**Franchisor Parties**"), from any and all claims, demands, obligations, actions, liabilities and damages of every kind or nature whatsoever, in law or in equity, whether known or unknown, or which may hereafter be discovered, accrued, or sustained in connection with, as a result of, or in any way arising from, any relationship or transaction with Franchisor or the Franchisor Parties, however characterized or described,

including but not limited to, any claims arising from Seller's operation of the Park, the Seller Franchise Agreement, the Buyer Franchise Agreement, the Purchase Agreement, or the transactions described in this Consent, or under any applicable state or federal franchise or other law, including the Federal Trade Commission Act, and all applicable Rules of the Federal Trade Commission promulgated pursuant to the Federal Trade Commission Act.

(If the Park is located in California or if Seller, Seller Guarantor, or Buyer (as applicable) is a resident of California, the following shall apply):

Section 1542 Acknowledgment. Seller, Seller Guarantor, and Buyer recognize that he, she, or it may have some claim, demand, obligation, action, liability, defense, or damage against Franchisor or the Franchisor Parties of which Seller, Seller Guarantor, and Buyer are totally unaware and unsuspecting, which he, she, or it is giving up by executing this Consent. Nonetheless, it is the intention of Seller, Seller Guarantor, and Buyer in executing this Consent that this instrument, (i) be and is a general release which shall be effective as a bar to each and every claim, demand, obligation, action, liability, defense, or damage released by Seller, Seller Guarantor, and Buyer, and (ii) will deprive Seller, Seller Guarantor, and Buyer of each and every such claim, demand, obligation, action, liability, defense, or damage and prevent him, her, or it from asserting it against Franchisor or the Franchisor Parties. In furtherance of this intention, Seller, Seller Guarantor, and Buyer expressly waive any rights or benefits conferred by the provisions of Section 1542 of the California Civil Code, which provides as follows:

"A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party."

Seller, Seller Guarantor, and Buyer acknowledge and represent that he, she, or it has consulted with legal counsel before executing this Consent and that Seller, Seller Guarantor, and Buyer understand its meaning, including the effect of Section 1542 of the California Civil Code, and expressly consent that this Consent shall be given full force and effect according to each and all of its express terms and provisions, including, without limitation, those relating to the release of unknown and unsuspected claims, demands, obligations, actions, liabilities, defenses or damages.

(If the Park is located in Maryland or if Seller, Seller Guarantor, or Buyer (as applicable) is a resident of Maryland, the following shall apply):

Any release provided for hereunder shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

(If the Park is located in Washington or if Seller, Seller Guarantor, or Buyer (as applicable) is a resident of Washington, the following shall apply):

The General Release does not apply with respect to claims arising under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

9. **Non-Disparagement**. In consideration of the accommodations provided to Seller, Seller Guarantor, and Buyer, and the concessions made by Franchisor under this Consent, Seller, Seller Guarantor, and Buyer agree not to, and to use their best efforts to cause their respective current and former owners, agents, principals, officers, directors, shareholders, members, partners, employees, representatives, attorneys, spouses, parent companies, predecessors, affiliates, subsidiaries, successors and assigns not to, disparage, impugn or otherwise speak or write negatively, directly or indirectly, of Franchisor or the Franchisor Parties, the Cloudbound™ brand, the Cloudbound franchise system, or any other service-marked or trademarked concept of Franchisor or the Franchisor Parties, or take any other action which would subject the Cloudbound brand to ridicule, scandal, reproach, scorn, or indignity or which would negatively impact the goodwill of Franchisor, the Franchisor Parties, or the Cloudbound brand.

10. **Acknowledgment**. Buyer and Seller acknowledge that although Franchisor or its affiliates, employees, officers, directors, successors, assigns, and other representatives may have been involved in Buyer's purchase of the Interests from Seller, Buyer and Seller have assumed sole and full responsibility for making the final decision to purchase and sell the Interests and each has consulted, or has had the opportunity to consult but, of its own accord, elected not to consult, with its own legal and financial advisors. Buyer further understands that as part of analyzing the purchase of the Interests from Seller, it is Buyer's responsibility to meet with or otherwise gather necessary information from the appropriate parties which may or may not affect Buyer's purchase of the Interests from Seller.

11. **Additional Documents**. Buyer and Seller agree to execute such additional documents as may be necessary to complete the Transfer as contemplated by the Purchase Agreement, the Seller Franchise Agreement, and the Buyer Franchise Agreement.

12. **Miscellaneous Provisions**.

a. Confidentiality. Except as reasonably necessary to perform Seller's, Seller Guarantor's, or Buyer's obligations or exercise or enforce Seller's, Seller Guarantor's, or Buyer's rights under this Consent, neither Seller, Seller Guarantor, nor Buyer shall provide or disclose to any third party, or use, unless authorized in writing to do so by Franchisor or properly directed or ordered to do so by public authority or court of competent jurisdiction, any information or matter that constitutes or concerns the terms and conditions of this Consent or that regards any dealings or negotiations with Seller, Seller Guarantor, or Buyer related to this Consent.

b. Governing Law. This Consent will be construed and enforced in accordance with, and governed by, the laws of the state set forth in the Buyer Franchise Agreement.

c. Amendment. This Consent may not be modified or amended or any term hereof waived or discharged except in a writing signed by the party against whom such amendment, modification, waiver or discharge is sought to be enforced.

d. Headings. The headings of this Consent are for convenience and reference only and will not limit or otherwise affect the meaning hereof.

e. Controlling Provisions. In the event of any conflict between the terms of this Consent and the terms of the Seller Franchise Agreement or the Buyer Franchise Agreement, the terms of this Consent shall control.

f. Counterpart Signatures. This Consent may be executed in any number of counterparts and sent via facsimile or other electronic transmission, each of which will be deemed an original but all of which taken together will constitute one and the same instrument.

[*Signature Page Follows*]

IN WITNESS WHEREOF, the parties hereto have caused this Consent to be made effective as of the Effective Date.

FRANCHISOR:
CLOUDBOUND FRANCHISE GROUP, LLC

By:_____
Name:_____
Title:_____
Date*:_____
This is the Effective Date

SELLER:
[SELLER]

By:_____
Name:_____
Title:_____
Date:_____

Forwarding Address:_____
_____
Forwarding Email:_____

SELLER GUARANTOR:
[SELLER GUARANTOR]

By:_____
Print Name:_____

By:_____
Print Name:_____

BUYER:
[BUYER]

By:_____
Name:_____
Title: _____
Date:_____

EXHIBIT I TO THE DISCLOSURE DOCUMENT

REPRESENTATIONS AND ACKNOWLEGMENTS STATEMENT

REPRESENTATIONS AND ACKNOWLEDGMENTS STATEMENT

(Not Applicable to Prospective Developers and Franchisees in CA, HI, IL, MD, MN, NY, ND, VA, and WA)

The purpose of this Statement is to demonstrate to Cloudbound Franchise Group, LLC ("Franchisor") that the person(s) signing below ("I," "me" or "my"), whether acting individually or on behalf of any legal entity established to acquire the Development Rights (as applicable to a Multi-Unit Development Agreement) or to acquire the rights to a single Cloudbound™ franchise (as applicable to a Franchise Agreement): (a) fully understands that the purchase of franchising rights is a significant long-term commitment, complete with its associated risks, and (b) is not relying on any statements, representations, promises or assurances that are not specifically set forth in Franchisor's Franchise Disclosure Document and Exhibits (collectively, the "FDD") in deciding to purchase any franchising rights from Franchisor (the "Franchise").

In that regard, I represent to Franchisor and acknowledge that:

I understand that buying a Franchise is not a guarantee of success. Purchasing or establishing any business is risky, and the success or failure of the Franchise is subject to many variables such as my skills and abilities (and those of my partners, officers, employees), the time my associates and I devote to the business, competition, interest rates, the economy, inflation, operation costs, location, lease terms, the market place generally and other economic and business factors. I am aware of and am willing to undertake these business risks. I understand that the success or failure of my business will depend primarily upon my efforts and not those of Franchisor.	**INITIAL:**
I received a copy of the FDD, including the Multi-Unit Development Agreement and Franchise Agreement, at least 14 calendar days (10 business days in Michigan) before I executed the Multi-Unit Development Agreement and/or Franchise Agreement (as applicable). I understand that all of my rights and responsibilities and those of Franchisor in connection with the Franchise are set forth in these documents and only in these documents. I acknowledge that I have had the opportunity to personally and carefully review these documents and have, in fact, done so. I have been advised to have professionals (such as lawyers and accountants) review the documents for me and to have them help me understand these documents. I have also been advised to consult with other franchisees regarding the risks associated with the purchase of the Franchise.	**INITIAL:**
Neither the Franchisor nor any of its officers, employees or agents (including any franchise broker) has made a statement, promise or assurance to me concerning any matter related to the Franchise (including those regarding advertising, marketing, training, support service or assistance provided by Franchisor) that is contrary to, or different from, the information contained in the FDD or as indicated below (**write "None" if none provided**):_____ _____.	**INITIAL:**
My decision to purchase the Franchise has not been influenced by any oral representations, assurances, warranties, guarantees or promises whatsoever made by the Franchisor or any of its officers, employees or agents (including any franchise broker), including as to the likelihood of success of the Franchise.	**INITIAL:**

I have made my own independent determination as to whether I have the capital necessary to fund the business and my living expenses, particularly during the start-up phase.	**INITIAL:**
I have not received any information from the Franchisor or any of its officers, employees or agents (including any franchise broker) concerning actual, average, projected or forecasted sales, revenues, income, profits or earnings of the Franchise (including any statement, promise or assurance concerning the likelihood of my success) except as contained in the FDD or as indicated below (**write "None" if none provided**): _____ _____.	**INITIAL:**

Sign here if you are taking the Franchise as an
INDIVIDUAL(S)
(Note: use these blocks if you are an individual or a partnership but the partnership is not a separate <u>legal</u> entity)

_____
Signature

Print Name: _____
Dated: _____

_____
Signature

Print Name: _____
Dated: _____

Sign here if you are taking the Franchise as a
CORPORATION, LIMITED LIABILITY COMPANY OR PARTNERSHIP

_____
Print Name of Legal Entity

By: _____
Print Name: _____
Title: _____
Dated: _____

Do not sign this Questionnaire if you are a Maryland resident, or the franchise is to be located in Maryland.

California residents should not complete this Questionnaire. If any California franchisee completes the Questionnaire, it is against California public policy and will be void and unenforceable, and we will destroy, disregard, and will not rely on such Questionnaire.

NOTE TO WASHINGTON RESIDENTS OR FRANCHISEES WITH A DEVELOPMENT AREA LOCATED IN WASHINGTON: This Questionnaire does not waive any liability the franchisor may have under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

EXHIBIT J TO THE DISCLOSURE DOCUMENT

STATE EFFECTIVE DATES

State Effective Dates

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

State	Effective Date
California	Pending
Hawaii	Pending
Illinois	Pending
Indiana	Pending
Maryland	Pending
Michigan	Pending
Minnesota	Pending
New York	Pending
North Dakota	Pending
Rhode Island	Pending
South Dakota	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 K TO THE DISCLOSURE DOCUMENT

RECEIPTS

RECEIPT
(Your Copy)

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Cloudbound Franchise Group, LLC 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.

Iowa and New York require that Cloudbound Franchise Group, LLC gives you this disclosure document at the earlier of the first personal meeting or 10 business days (or 14 calendar days in Iowa) before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires that Cloudbound Franchise Group, LLC gives you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first. If Cloudbound Franchise Group, LLC does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580, and the appropriate state agency identified on Exhibit G.

The franchisor is Cloudbound Franchise Group, LLC located at 86 N. University Avenue, Suite 350, Provo, Utah 84601. Its telephone number is 385-482-1020.

Issuance Date: September 29, 2025

The name, principal business address and telephone number of each franchise seller offering the franchise:

☐ _____
Cloudbound Franchise Group, LLC
86 N. University Avenue, Suite 350
Provo, UT 84601
385-482-1020

☐ Name of Franchise Seller:

_____
Principal Business Address and Phone:

_____

_____

_____

Cloudbound Franchise Group, LLC authorizes the respective state agencies identified on Exhibit G to receive service of process for it in the particular state.

I received a Disclosure Document dated September 29, 2025, that included the following Exhibits:

Exhibit A Franchise Agreement
Exhibit B Multi-Unit Development Agreement
Exhibit C State Law Addenda
Exhibit D Operations Manual Table of Contents
Exhibit E List of Franchisees
Exhibit F Financial Statements
Exhibit G List of State Agencies/Agents for Service of Process
Exhibit H Agreement and Conditional Consent to Transfer
Exhibit I Representations and Acknowledgments Statement
Exhibit J State Effective Dates
Exhibit K Receipts

_____
Date

_____
Signature

_____
Print Name

RECEIPT
(Our Copy)

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Cloudbound Franchise Group, LLC 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.

Iowa and New York require that Cloudbound Franchise Group, LLC gives you this disclosure document at the earlier of the first personal meeting or 10 business days (or 14 calendar days in Iowa) before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires that Cloudbound Franchise Group, LLC gives you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first. If Cloudbound Franchise Group, LLC does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580, and the appropriate state agency identified on Exhibit G.

The franchisor is Cloudbound Franchise Group, LLC located at 86 N. University Avenue, Suite 350, Provo, Utah 84601. Its telephone number is 385-482-1020.

Issuance Date: September 29, 2025

The name, principal business address and telephone number of each franchise seller offering the franchise:

☐ _____
Cloudbound Franchise Group, LLC
86 N. University Avenue, Suite 350
Provo, UT 84601
385-482-1020

☐ Name of Franchise Seller:

_____
Principal Business Address and Phone:

_____

_____

_____

Cloudbound Franchise Group, LLC authorizes the respective state agencies identified on Exhibit G to receive service of process for it in the particular state.

I received a Disclosure Document dated September 29, 2025, that included the following Exhibits:

Exhibit A	Franchise Agreement	Exhibit G	List of State Agencies/Agents for Service of Process
Exhibit B	Multi-Unit Development Agreement		
Exhibit C	State Law Addenda	Exhibit H	Agreement and Conditional Consent to Transfer
Exhibit D	Operations Manual Table of Contents	Exhibit I	Representations and Acknowledgments Statement
Exhibit E	List of Franchisees	Exhibit J	State Effective Dates
Exhibit F	Financial Statements	Exhibit K	Receipts

_____
Date

_____
Signature

_____
Print Name

Please sign this copy of the Receipt, date your signature and return it to Cloudbound Franchise Group, LLC at 86 N. University Avenue, Suite 350, Provo, Utah 84601.

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