

FRANCHISE DISCLOSURE DOCUMENT

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The franchise is for a business operating a vertical wind tunnel, or “skydiving simulator,” and offering ancillary products and services (each, an “iFLY Business”).

The total investment necessary to begin operation of an iFLY franchise ranges from \$3,473,500 to \$12,329,926. This includes between \$2,008,500 and \$5,826,000 that must be paid to the franchisor or affiliate.

This Disclosure Document summarizes certain provisions of your Franchise Agreement and other information in plain English. Read this Disclosure Document and all accompanying agreements carefully. You must receive this Disclosure Document at least 14 calendar days before you sign a binding agreement with, or make any payment to, the franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no 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 us at info@iflyfranchising.com or call (512) 674-9200.

The terms of your contract will govern your franchise relationship. Don’t rely on the Disclosure Document alone to understand your contract. Read all of your contract carefully. Show your contract and this Disclosure Document to an advisor, like a lawyer or an accountant.

Buying a franchise is a complex investment. The information in this Disclosure Document can help you make up your mind. More information on franchising, such as “*A Consumer’s Guide to Buying a Franchise*,” which can help you understand how to use this Disclosure Document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, DC 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.

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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 Exhibits E and F.
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 A 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 iFLY 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 an iFLY franchisee?	Item 20 or Exhibits E and F list 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 requires you to sue us only in Texas. Out of state litigation may force you to accept a less favorable settlement for disputes. It may also cost more to litigate with us in Texas than in your home 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.

iFLY FRANCHISE DISCLOSURE DOCUMENT

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ITEM 1

THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS AND AFFILIATES

The Franchisor, its Parents, Predecessors and Affiliates

The Franchisor is IFLY Franchising, LLC (formerly UFLY USA, LLC), referred to in this Disclosure Document as “we,” “us” or “our.” We refer to the person interested in buying a franchise as “you” or “your.” If you are a corporation, partnership, limited liability company, or other entity, certain provisions of the Franchise Agreement will apply to your owners. These will be addressed in this Disclosure Document where appropriate.

We were organized in Delaware on April 6, 2009. Our principal business address is 13265 US-183 A, Austin, TX 78750. We do business under our corporate name and the name “iFLY”. Our agents for service of process in the states that require franchise registration are listed in Exhibit H.

We sell franchises for businesses that operate vertical wind tunnels for entertainment, educational, training, competition and other similar purposes. These vertical wind tunnels function as free-fall skydiving simulators, giving customers an authentic “in flight” skydiving experience. In addition to selling the skydiving experience, iFLY Businesses also offer ancillary products and services, like coaching and other instruction, organized competitions, video recordings, photographs, clothing, toys, memorabilia and other merchandise (the “iFLY Businesses”). The iFLY Businesses do business under the mark “iFLY”.

iFLY Holdings LLC, a Delaware limited liability company formed on March 1, 2012, became our direct parent (“Parent”) in March 2012. Before March 2012, SkyGroup Investments, LLC (“SkyGroup”), which was organized on March 3, 2003 in the State of Florida, was our parent company and predecessor. SkyGroup is now another direct subsidiary of our Parent and our affiliate. We do not operate any iFLY Businesses. However, SkyGroup (directly and through an intermediate subsidiary and other related companies) has owned interests in similar businesses since August 2002.

Our affiliate, SkyVenture, LLC (“SkyVenture”), manufactures and sells vertical wind tunnel equipment in the U.S. to our franchisees and to other third parties and provides replacement parts used in the operation of the wind tunnel. (See the Equipment Purchase Agreement attached as Exhibit C to this Disclosure Document.) SkyVenture was organized August 5, 2002 in the State of Florida and became a Delaware limited liability company on March 13, 2013.

Our affiliate, The International Bodyflight Association, LLC (“IBA”) has developed a system of training and certification that we use to train our franchisees. IBA was formed on August 4, 2004 in the State of Florida and became a Delaware limited liability company on March 13, 2003.

Our affiliate, SkyVenture Management, LLC (“SkyVenture Management”), provides optional management training services. SkyVenture Management was formed on August 29, 2003 in the State of Florida and became a Delaware limited liability company on March 13, 2013.

Our Parent and our affiliates share our principal business address. Except as described above, neither our Parent nor our affiliates provide products or services to our franchisees or have offered or sold franchises in any line of business.

We first began to offer franchises on April 28, 2009. We previously offered and sold tunnels under different types of arrangements. We are not engaged in any other businesses and have never offered franchises in any other lines of business.

The Franchise

We offer qualified applicants franchises for iFLY Businesses. The Franchise Agreement (Exhibit B to this Disclosure Document) gives you the right to establish and operate one iFLY Business at a specified location which will be described in Exhibit A to your Franchise Agreement). You will also be granted certain territorial protections. The offer made in this Disclosure Document is for a new iFLY Business.

iFLY Businesses operate in compliance with our business system (the “Franchise System”), under the trade name and service mark “iFLY” and the other trade names, service marks, trademarks, logos, emblems and other indicia of origin that we designate in writing for use by iFLY Businesses operating under the Franchise System (collectively, the “Marks”).

Our Franchise System is the system for operating the wind tunnel and offering and selling products and services under the Marks, including systems for the installation, maintenance and operation of the wind tunnel; the design and appearance of the attraction; the layout of the location; items of trade dress; product and service offerings; standard operating and administrative procedures; management and training programs; and marketing and public relations programs; all as they may exist today or as they may be changed, improved, further developed or discontinued from time to time, as specified in the Manuals or as otherwise directed by us.

The Franchise Agreement requires you to designate a “Managing Owner.” Your Managing Owner must own an interest in you and will be the main individual responsible for your business. Your Managing Owner must meet our qualifications and must be approved by us. Your current and future owners, including your Managing Owner, must sign a Guaranty and Assumption of Obligations (“Guaranty”), guaranteeing your performance and binding themselves individually to certain provisions of the Franchise Agreement, including the covenants against competition and disclosure of confidential information, restrictions on transfer and dispute resolution procedures.

Competition

There are various manufacturers of vertical wind tunnels. However, the market for simulated skydiving as entertainment is relatively new. As entertainment, simulated skydiving competes against other large-scale attractions. You must expect to compete with theme parks, water parks, helicopter or balloon rides and similar attractions. These competitors may be locally-owned or owned by large regional, national, or international companies. The business is also affected by many other factors, including changes in consumer taste, demographics, and economic conditions.

Industry Specific Regulation

Many of the laws, rules and regulations that apply to business generally, like the Americans With Disabilities Amendments Act of 2008, Federal Wage and Hour Laws, and the Occupation, Health and Safety Act, also apply to iFLY Businesses. Additionally, the Patient Protection and Affordable Health Care Act requires employers of a certain size to provide health insurance to its employees. The operation of your iFLY Business also may be impacted by other federal, state and local laws, regulations, statutes, ordinances and codes, including state regulations and local ordinances requiring ride certifications and certificates of occupancy. Some jurisdictions regulate amusement ride operations. And, to the extent that the vertical wind

tunnel is integrated in buildings, building codes, electrical codes, fire safety codes, and other similar regulations will apply. You must comply with all laws, rules and regulations governing the operation of the iFLY Business, and obtain all necessary permits and licenses. You should consider these laws and regulations when evaluating your purchase of a franchise.

ITEM 2

BUSINESS EXPERIENCE

Listed below are our principal officers, as well as those officers of our Parent with management responsibility relating to sale or operation of franchises offered by this disclosure document.

Simon Ward - Chief Executive Officer

Mr. Ward has served as our Chief Executive Officer since January 27, 2020. He also serves as President of the International Division for our Parent, a position he has held since 2012, apart from serving as Parent's Interim CEO from October 2019 to September 2020.

Matthew Ryan – Chief Executive Officer (Parent)

Matt Ryan has served as our Parent's CEO since September 2020. Before that, he served as EVP Manufacturing and Logistics for Kattera from September 2017 to September 2020 and was based in Menlo Park, California. Mr. Ryan previously served as Parent's President and Chief Operating Officer between September 2013 and September 2017.

Aly Noormohamed – Chief Financial Officer (Parent)

Mr. Noormohamed has served as our Parent's Chief Financial Officer since August 2018. Prior to this, Mr. Noormohamed was Chief Financial Officer for the Oneida Group from May 2017 to July 2018 and was based in Columbus, OH. From 2008 and 2017, Mr. Noormohamed held various senior leadership positions at Dr Pepper Snapple Group, based in Plano, TX, including Senior Vice President of Finance from March 2008 to August 2011, Senior Vice President/General Manager Juice and Snacks Business Unit from August 2011 to February 2016, and SVP Integrated Business Planning from February 2016 to April 2017.

Kevin Fiur – President, iFLY Tunnel Systems and Chief Legal Officer (Parent)

Mr. Fiur has served as our Parent's President, iFLY Tunnel Systems since October 2019 and is based in Austin, Texas. Mr. Fiur has led the legal and business affairs of our Parent since August 2015 and was appointed Chief Legal Officer in March 2016. In 2014, Mr. Fiur was hired to assist iFLY with its global intellectual property strategy.

Justin Waldron – Senior Vice President, iFLY Tunnel Systems (Parent)

Mr. Waldron has been with the iFLY organization since 2012, most recently serving as our Parent's Senior Vice President, iFLY Tunnel Systems since February 2019. Mr. Waldron has led Wind Tunnel Engineering since 2013 as Vice President and in 2016 added responsibility for Supply Chain, Maintenance, Project Management and Maintenance functions. Mr. Waldron is based in Austin, Texas.

Patrick Framel - Vice President, Business Development (Parent)

Patrick Framel has served in various roles in our company since June 2013, including as our Parent's Vice President, Global Development since August 2020. Prior to that, he served as our Managing Director, Asia Pacific from February 2018 to August 2020, and as our Vice President, Development from September 2014 to February 2018.

ITEM 3

LITIGATION

Past Litigation

Kent Sessions v. SkyGroup Investments, LLC; AirKix, PLC; Alan Metni, Shlomo Waser, David Becker, Simon Ward, Scott Yeager, and Stuart Wollack; Case No. 112 CV 231452, Cal. Super. Ct. (Santa Clara County), filed August 31, 2012. Plaintiff Sessions, the original manager of and a minority owner in SkyVenture Silicon Valley, LLC (*dba* iFLY SF Bay), filed suit against various related entities, certain officers, and others alleging breach of contract, breach of fiduciary duty, and theft of intellectual property arising out of the defendants' alleged failure to allow Sessions to purchase ownership interest in the corporate defendants, the replacement of Sessions as the manager of iFLY SF Bay, and the alleged misappropriation of a Facebook fan page registered to Sessions and using the SkyVenture and iFLY trademarks. Following arbitration, the parties entered into a confidential settlement agreement in October 2013, and the defendant purchased Sessions' ownership interest in iFLY SF Bay for a total payment of \$500,000. The parties exchanged mutual releases.

No other litigation is required to be disclosed in this Item.

ITEM 4

BANKRUPTCY

No bankruptcy is required to be disclosed in this Item.

ITEM 5

INITIAL FEES

Initial Franchise Fee

You must pay us a lump sum initial franchise fee of \$125,000 when you sign the Franchise Agreement. The initial franchise fee is imposed uniformly on all franchisees and is not refundable.

Purchase of Vertical Wind Tunnel and Spare Parts

You must purchase your wind tunnel from SkyVenture, under the terms of the Equipment Purchase Agreement attached to this Disclosure Document as Exhibit C. The purchase price of the vertical wind tunnel equipment package (the "**Purchase Price**") varies depending on size and model chosen, as well as various options which can be included or excluded and ranges from approximately \$1,750,000 to \$5,000,000. The Purchase Price is paid in two installments: an initial down payment equal to 50% of the Purchase Price within 10 days of signing the Purchase Agreement and a final installment equal to the balance of the Purchase Price when SkyVenture tenders the wind tunnel to you and before shipment or pickup. No part of the Purchase Price is refundable. There is an optional (but recommended) spare parts package which ranges in price from \$26,000 to \$366,000.

License/Installation of Information Collection and Retrieval System Software

You must pay us an initial fee of \$65,000 to use our required, integrated Information Collection and Retrieval System (“ICRS”) in your iFLY Businesses. The ICRS is more fully described in Item 11.

Installation of Wind Tunnel

You are responsible for installing the wind tunnel; however, on-site wind tunnel Project Management or Construction Support may be requested at then current rates (currently \$1000 per day, but subject to change), plus expenses. Commissioning/start-up of the wind tunnel is provided by SkyVenture and included for no additional charge for a limited number of days, as set forth in your Equipment Purchase Agreement. You will be responsible for all reasonable expenses. If SkyVenture must arrange for the additional assistance to be provided by an unaffiliated third party, SkyVenture will charge you its direct cost plus an administration fee of 15%. The estimate of additional costs for onsite field service/construction support will range from \$30,000 to \$170,000 and field service during commissioning of the wind tunnel will range from \$12,500 to \$20,000. (These amounts do not include the \$65,000 initial software license fee described above.)

You are also responsible for all reasonable expenses we or our employees incur in providing this assistance to you, including all reasonable travel expenses (based on round trip coach airfare), accommodations, ground transportation costs, and meals and incidentals.

Initial Training

Flight Instructor Training

We provide Flight Instructor training to our franchisees using IBA rated trainers. The initial Flight Instructor Training Program (which spans 20 working days over a 28 calendar day period) is for up to 7 level one Flight Instructor trainees, and the fee is included in the franchise fee, but you must pay for your trainees’ expenses (including wages, transportation, accommodations, and meals).

There is no guarantee that all 7 of your initial Flight Instructor trainees will pass the initial basic training program, and you may elect to train replacement or additional Flight Instructor trainees.

If you wish to add Flight Instructor trainees beyond the 7 trainees or if you later want new trainees to participate in the Flight Instructor Training Program, you must pay us our then-current fees for such additional trainees, which are currently as follows:

- A. \$5,000 per instructor to complete the entire course at your facility after it has commissioned (4-week course); or
- B. \$7,500 per instructor to complete 2 weeks at another U.S. tunnel followed by 2 weeks at your tunnel after it is commissioned; or
- C. \$10,000 per instructor to complete the entire course at another U.S. tunnel.

If your Flight Instructor trainees require training in addition to the Flight Instructor Training Program (either to receive certification or to receive certification at an advanced level), we will provide the training at a daily rate (currently \$500 per day per instructor conducting the training), plus the instructor’s expenses

(including travel, based on round trip coach airfare, ground transportation, lodging, and a per diem for meals and incidentals at the rate published by the U.S. State Department).

Management Training

SkyVenture Management can also provide an initial management training program for your tunnel manager, which is an optional training program. Depending on your manager’s experience, you may want to put your hire through a 2-week training course or a more intensive 4-week course for persons who have little experience managing wind tunnels. Management training is conducted at an iFLY facility designate – part of the training may be at your facility. The cost of the 2 week course is \$10,000 and the cost of the 4-week course is \$20,000, plus SkyVenture Management's trainers’ expenses (including travel, based on round trip coach airfare, ground transportation, lodging, and a per diem for meals and incidentals at the rate published by the U.S. State Department). If management training occurs at a site that is not your tunnel, you will also be responsible for the costs your management trainees incur (including wages, transportation, accommodations, and meals).

ITEM 6

OTHER FEES

Column 1 Type of Fee¹	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
Royalty Fee	Greater of 7% of Gross Sales (“Percentage Royalty”) or the Minimum Annual Royalty	Due within 15 days of the end of each month for royalties accrued during the prior month.	See Note 2 for the definition of Gross Sales. If the Percentage Royalty you pay for any year is less than the Minimum Annual Royalty, you must pay us the difference between the Percentage Royalty and the Minimum Annual Royalty within 15 days after payment for the final month of the year is due. The Minimum Annual Royalty is the greater of (i) \$50,000.00; or (ii) the number of hours the wind tunnel fans operated during a particular calendar year multiplied by \$30.00; or (iii) the number of hours the fans operated during a particular calendar year multiplied by the lowest hourly rate you published and multiplied by 7%. We may require you to make royalty payments using the Automated Clearing House system.

Column 1 Type of Fee ¹	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
Advertising Fund Contribution	Currently, none	Not applicable	If we later propose to establish an advertising fund and 60% of all iFLY locations (including those we or our affiliates may own) approve the proposal, you will be required to contribute up to 3% of Gross Sales to the fund. The 60% vote required for approval of any proposal we make is measured by the percentage of total Gross Sales from all iFLY locations operating during the calendar year before the vote.
Local Advertising	Currently, none	Not applicable	You are not required to spend any specific amount on local advertising
Additional Trainees for Flight Instructor Training Program	Currently, \$5,000 / instructor (your facility) \$7,500 / instructor (half at yours / half at another iFLY) \$10,000 / instructor (entire course at another iFLY)	When training or assistance begins	If you wish to add Flight Instructor trainees beyond the 7 initial trainees or if you later want new trainees to participate in the Flight Instructor Training Program. The costs of training such additional Flight Instructors will be reduced if you host all or part of the course at your own facility. As your Business develops, you will likely require 10 to 12 Flight Instructors, with ratings ranging from 1 (basic) to 4 (advanced), to operate your Business at maximum levels. You may also need to train replacement personnel. These cost estimates include fees you will pay us plus the costs incurred by your trainees.
Additional Flight Instruction Training (after Flight Instructor Training Program)	Currently, \$500 per day per instructor conducting the training) plus expenses for on-site support; or, our direct cost plus 10% if we engage a third party to provide such additional training services.	As invoiced	For additional training you need or request, or that we otherwise required during the term of your Franchise Agreement.

Column 1 Type of Fee¹	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
Operations Analysis	Currently, \$750 to \$1,050 per day, plus expenses	As invoiced	Payable only if you ask us to review your operating systems
Transfer Fee	\$5,000 plus our reasonable costs associated with the transfer including, legal and accounting fees	Before transfer completed	No charge for a transfer to one of your affiliates made in compliance with the Franchise Agreement
Renewal Fee	Reimbursement	Before renewal	Reimbursement of our reasonable out-of-pocket expenses to renew the franchise, including legal and accounting fees See Item 17
Product and Service Purchases	Current prices	When billed	You will buy the wind tunnel and related components and replacement parts from SkyVenture. You will also purchase other products and services from designated and approved vendors whose items meet our standards and specifications. The amount of any third-party service charges is unknown and may vary depending upon factors, such as the third-party supplier selected.
Monthly Software License and Support Fees	Ongoing monthly fee, as agreed in your Software License Agreement, after payment of the initial license fee of \$65,000 described in Item 5 Support Fees: Currently, \$200, per hour.	When billed	You will license the proprietary Software from us and participate in other shared monthly costs through your monthly software license fee, which includes items such as our colocation hosting, third party web services, technical support ticketing system, disaster recovery system, domain hosting booking systems, and others.
Testing	Costs of Testing	When billed	This covers the costs of testing new products or inspecting new suppliers you propose.

Column 1 Type of Fee¹	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
Audit	Cost of inspection or audit	When billed	Due if an audit reveals you have understated Gross Sales by more than 5% and we are entitled to additional Royalty fees as a result, or if you fail to maintain required books and records.
Interest	Lesser of 4% above the Bank of America prime or reference rate or maximum legal rate	As incurred	Due on all overdue amounts.
Late Charge	10% of the unpaid amount	As incurred	Due on all overdue amounts
Costs and Attorneys' Fees	Will vary under circumstances	As incurred	Due when you do not comply with the Franchise Agreement.
Indemnification	Will vary under circumstances	As incurred	You must reimburse us if we are held liable for claims from the operation of your iFLY Business.
Management Services	\$10,000 - \$20,000	As incurred	SkyVenture Management provides optional management services to certain franchisees. Franchisees are not required to engage SkyVenture Management to provide management services.

1. Except for product and service purchases described in Item 8, and except as otherwise noted in this Item 6, all fees are collected by and payable to us. We currently impose these fees uniformly to all franchisees, but reserve the right, at our option, to deviate from these amounts as the unique circumstances of a particular iFLY franchise may require. Except as noted above, all fees are non-refundable.

2. The term “Gross Sales” means the gross selling price of all products and services, commissions and any other revenue generated from the use of the wind tunnel (including, individual flight sales, bulk flight sales, instruction, coaching, competition fees, spectator fees, advertising and sponsorship income, broadcast revenue, video recordings, DVD recordings, still photographic filming by third parties for commercial purposes and retail merchandise) whether for cash, credit or barter (and without regard for collection), whether made at the franchised Location or elsewhere, and whether the sale or reservation is made by you or another party. Gross Sales excludes only the selling price of products sold to but returned by customers for a full refund and sales taxes or gross receipts taxes now or hereafter imposed upon the sale of products or services if collected separately from the selling price of products or services. For purposes of Gross Sales, the accounting for pre-sold tickets, coupons, gift certificates, gift cards and vouchers (collectively, “Pre-Sales”) and for products and/or services exchanged for such pre-sales is handled as follows, unless we approve otherwise in writing: the selling price of any Pre-Sales, whether sold by you or by someone acting on your behalf and whether sold at or from the franchised Location or

elsewhere, will be included in Gross Sales, but the redemption of Pre- Sales will be excluded from Gross Sales.

ITEM 7

ESTIMATED INITIAL INVESTMENT YOUR ESTIMATED INITIAL INVESTMENT

Column 1 Type of Expenditure	Column 2 Amount Low – High	Column 3 Method of Payment	Column 4 When Due	Column 5 To Whom Payment is to be Made
Initial Franchise Fee	\$125,000	Lump Sum	On execution of Franchise Agreement	Us
Vertical Wind Tunnel ⁽¹⁾	\$1,750,000 to \$5,000,000 ⁽¹⁾	Installments	First installment within 10 days of signing Purchase Agreement and balance due on tender of tunnel	SkyVenture
Lease - 1st Month Rent ⁽²⁾	\$5,000 - \$35,000	As Arranged	As Arranged	Landlord
Site Development, Construction, Remodeling, Leasehold Improvements, Decorating ⁽²⁾	\$1,000,000 to over \$5,000,000	As Arranged	As Arranged	Contractor; Architect; Suppliers
Field Service During Commissioning and related expenses	\$12,500-\$20,000	As Arranged	As Arranged	SkyVenture
On Site Field Service/Construction Support and related expenses ⁽³⁾	\$30,000-\$170,000	As Arranged	As Arranged	SkyVenture
Initial Insurance Expenses; Lease and Utilities Deposits ⁽⁴⁾	\$20,000-\$70,000	As Arranged	As Arranged	Lessor, utility companies and insurance brokers, as applicable
Equipment, Fixtures, and Other Fixed Assets ⁽⁵⁾	\$55,000-\$100,000	As Arranged	As Invoiced	Suppliers

Column 1 Type of Expenditure	Column 2 Amount Low – High	Column 3 Method of Payment	Column 4 When Due	Column 5 To Whom Payment is to be Made
Initial Software License Fee	\$65,000	As Arranged	As Arranged	Us
Computer Hardware, Software, and Services ⁽⁶⁾	\$135,000 - \$266,628	As Arranged	As Invoiced	Suppliers
Uniforms, Extra Flight Gear, and Supplies	\$20,000 - \$28,025	As Arranged	As Invoiced	Suppliers
Other Starting Inventory ⁽⁷⁾	\$20,000 - \$29,273	As Arranged	As Invoiced	Suppliers
Spare Parts Package ⁽⁸⁾	\$26,000 - \$366,000	As Arranged	As Invoiced	SkyVenture
Signage & Décor	\$50,000 - \$175,000	As Arranged	As Invoiced	Suppliers
Business Licenses and Permits ⁽⁹⁾	\$10,000 - \$400,000	As Arranged	As Invoiced	Government Agencies, Other Third Parties
Professional Fees ⁽¹⁰⁾	\$15,000- \$50,000	As Arranged	As Invoiced	Accountants, Lawyers, etc.
Flight Instructor Training Fees and Costs ⁽¹¹⁾	\$0 - \$80,000	As Arranged	As Invoiced	Us
Training Expenses ⁽¹¹⁾	\$20,000 - \$50,000	As Arranged	As Invoiced	Your employees and suppliers of travel, lodging and meals, or SkyVenture Management for management training (\$10,000 - \$20,000)
Pre-Opening Marketing and Grand Opening ⁽¹²⁾	\$15,000 - \$50,000	As Arranged	As Arranged	Ad agency and advertisers
Additional Funds/Working Capital – Initial 3 months ⁽¹³⁾	\$100,000 - \$250,000	As Arranged	As Arranged	Suppliers and various other parties
TOTAL⁽¹⁴⁾	\$3,473,500 - \$12,329,926			

Notes:

1. See Items 5 and 10. Does not include applicable taxes. You must purchase your wind tunnel from SkyVenture under the terms of the Equipment Purchase Agreement attached to this Disclosure Document as Exhibit C. The purchase price of the vertical wind tunnel equipment package varies significantly depending on size and model chosen, as well as various options which can be included or excluded. Such total pricing can range from \$1,750,000 for our smallest wind tunnels to over \$5,000,000 for the largest wind tunnels and for customized wind tunnels. The Purchase Price is paid in two installments: an initial down payment equal to 50% of the Purchase Price within 10 days of signing the Purchase Agreement and a final payment equal to the balance of the Purchase Price when SkyVenture tenders the wind tunnel to you. No part of the Purchase Price is refundable.

2. The size of the space used to house the vertical wind tunnel used in the iFLY Business varies widely, but you will need at least 4,000 square feet. The space may be a newly constructed building or you may remodel an existing space; most locations are new build structures. Currently, there is no standard prototype, and designs may vary. Market factors, costs of construction, materials and general contractor fees vary widely between projects. We recommend that you engage with a qualified local contractor in your market of choice to review your plans and to do a more in depth assessment of specific construction costs for your project. The amounts listed estimate the cost of building a new retail facility to house a wind tunnel, including contractor and architect fees, and ultimately fully building out and decorating the facility. These costs will vary significantly between our least expensive models and custom designs that some of our franchisees have designed and constructed. If you buy the land and/or construct a custom building rather than a prototype, your costs could be significantly higher.

3. You are responsible for installing the wind tunnel; however, on-site wind tunnel Project Management or Construction Support may be requested at then current rates (currently \$1000 per day, but subject to change), plus expenses. Commissioning/start-up of the wind tunnel is included for no additional charge for a limited number of days (to be specified in your contract). Commissioning/start-up typically includes 3 people and can last up to 15 days. You will be responsible for all reasonable expenses. If we must arrange for the additional assistance to be provided by an unaffiliated third party, we will charge you our direct cost plus an administration fee of 15%.

We have developed an integrated Information Collection and Retrieval System (“ICRS”) for use in iFLY Businesses. The ICRS is described in Item 11 of this Disclosure Document and is comprised of third-party hardware and software, as well as certain proprietary software. You must license the proprietary ICRS software from us, under the terms of the ICRS Software License Agreement attached to this Disclosure Document as Exhibit D. In addition to an annual fee, we will charge for the labor to help you install and set up certain portions of the ICRS at the rates listed in the preceding paragraph.

You are also responsible for all reasonable expenses we or our employees incur in providing this assistance to you, including all reasonable travel expenses (based on round trip coach airfare), accommodations, ground transportation costs, and meals and incidentals.

All of these costs and expenses are included in the estimate of \$30,000 to \$170,000 stated in the table above. (This amount does not include the \$65,000 initial software license fee.)

4. This amount represents an estimate of your lease security deposit, utility deposit, and the down payment on your annual insurance premiums. You must obtain the insurance coverage described in the Franchise Agreement. We must be named as an additional insured on these policies. Your cost of insurance

may vary depending on the insurer, the location of your iFLY Business, your claims history, and other factors.

5. These amounts include the cost of your office equipment and furniture, as well as the furnishings for the gear room, party room, and locker area.

6. We will license to you certain proprietary software for use in the ICRS. The estimate in the table above does not include the initial \$65,000 license fee. In addition, you must purchase the computer hardware and software, peripherals, and audio-visual equipment described in Item 11 from third party suppliers for use in our integrated ICRS, including the POS system and other equipment described in Item 11.

7. These amounts include logoed T-shirts, caps, pens, videos, and similar items.

8. The spare parts package is not required, but is recommended to minimize operational down time. The wind tunnel uses some parts that are not commonly available and that may take time to locate. Even with a spare parts package, you may experience times when the wind tunnel is down for repairs and not operational.

9. This amount represents the estimated cost of various operating licenses required at the local, regional, or state level including certificates of occupancy, ride certifications, and other local requirements. This figure may also be included under the “site development” cost estimate; if your general contractor manages payment of local fees.

10. This estimate is for the cost to establish an entity to hold the franchise and to review the franchise documentation. The cost of professional services can vary widely.

11. We provide an initial flight instructor training program for up to 7 Flight Instructor trainees at no additional charge. We recommend that you begin operations with at least 7 trained Flight Instructors. If you wish to add trainees, the cost of training for each additional trainee is summarized in Item 5 and Item 6. If your Flight Instructor trainees require additional training (either to receive certification or to receive certification at an advanced level), we will provide the training at a daily rate (currently \$500), plus expenses. In our experience, most wind tunnels require 10 to 12 Flight Instructors, trained at various levels, in order to operate optimally. This additional training can be a significant expense. In any event, you must reimburse us for the expenses incurred by our instructors who provide on-site training at your location (including travel, lodging, and meals). You must also pay the expenses that your trainees incur in attending the initial training at an approved training location. These costs will vary depending upon each trainee’s compensation, lodging and dining facilities used, and transportation needs.

You must pay for this additional training if any of your initial Flight Instructor trainees are unable to pass the initial basic training and substitutes are trained, if additional Flight Instructor trainees are trained, or if higher levels of training are provided after the basic training program is completed. During the basic initial training program, and for any additional initial training, you must pay all expenses of your trainees (including travel, accommodations, and meals), and you must also provide or reimburse the training facility for the cost of tunnel time beyond that included in the standard training package (estimated to range between \$500 to \$700 per hour). You are also responsible for all reasonable expenses our employees incur in providing on-site training to you, including all reasonable travel expenses (based on round trip coach airfare), accommodations, ground transportation costs, and a per diem for meals and incidentals at the rate published by the U.S. State Department.

SkyVenture Management can provide an optional initial management training program for your tunnel manager, the cost and details of which are summarized under Item 5 and Item 6.

12. Although you are not required to conduct a pre-opening marketing campaign or to hold a grand opening, we recommend you do both. We must approve all advertising items, methods, and media.

13. You will need additional funds during the start-up phase of your business to pay employees, purchase supplies, and pay other expenses. We estimate the start-up phase to be 3 months from the date you open for business. These amounts do not include any estimates for debt service. You must also pay the royalty and other related fees described in Item 6 of this Disclosure Document. These figures are estimates, and we cannot assure you that you will not have additional expenses. Your actual costs will depend on factors like your management skills, experience, and business acumen. You should base your estimated start-up expenses on the anticipated costs in your market and consider whether you will need additional cash reserves.

14. These estimates are based on our affiliates' experience in establishing similar businesses in the United States. You should review these figures carefully with your business advisor.

Unless otherwise stated above, these estimates are subject to increases based on changes in market conditions, our cost of providing services, and future policy changes. At the present time, neither we nor our affiliates have any plans to increase payments we or they control.

Except for the purchase price installment payments described in Item 10, neither we nor our affiliates offer any financing for your initial franchise fee or any portion of your initial investment.

Unless otherwise stated, the amounts described above are not refundable.

ITEM 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Required Purchases

Wind Tunnel, Structural Components and Replacement Parts

You must purchase the vertical wind tunnel from SkyVenture, and we will not approve any other substitutes or replacement wind tunnels not manufactured by SkyVenture. Unless we specify otherwise, you must purchase from SkyVenture or us any replacement parts or upgrade parts used in the wind tunnel.

Flight Instructor Training

All flight instructors must be trained by us. We use trainers rated under the IBA flight instructor training system.

Information Collection and Retrieval System

You must acquire from us and our designated third-party suppliers all software, hardware, peripheral equipment, accessories and support services that we deem necessary to enable the Information Collection and Retrieval System.

Approved Suppliers

We may designate other goods and services, including computer hardware, software, peripheral equipment, accessories, and support services that you may or must use and/or offer and sell in your iFLY Business. You may use, offer or sell only those items that we have expressly authorized, and must purchase those items only from suppliers we have approved. We may change the number of approved suppliers at any time, including designating ourselves, an affiliate, or a third party as the exclusive source for any particular item. We may profit from your purchases from approved suppliers, and we and/or our affiliates may receive payments, fees, commissions or reimbursements from such suppliers in respect of your purchases and leases. If we require an item to be purchased from an approved supplier and you wish to acquire the item from an unapproved supplier, or if we require a particular item or brand and you wish to substitute a different item or brand, you must submit a written request for our approval. You must not purchase or lease the item unless and until we have approved the supplier or the alternative brand in writing. We will evaluate your request using our evaluation process. Although we are not contractually obligated to do so, we will endeavor to notify you of our approval or disapproval within 30 days of our receipt of your written request. We may inspect the proposed supplier's facilities and may require product samples for testing. Either you or the proposed supplier must pay us a fee (not to exceed the reasonable cost of the inspection and the actual cost of the test) to make the evaluation. We may periodically re-inspect the facilities and products of any approved supplier and may revoke our approval if the supplier does not continue to meet any of our criteria. If we revoke our approval of any supplier, you must promptly discontinue use of that supplier. We may also charge manufacturers or suppliers a royalty fee for the right to manufacture products for use in iFLY businesses. Nothing requires us to approve any particular supplier. Except for specifications related to the wind tunnel and its component parts, which are proprietary, our specifications for products and criteria for supplier approval are generally issued through written communications and, except for those we consider to be trade secrets, are available to franchisees and approved suppliers.

Purchases According to Specifications

You must comply with all of our standards and specifications relating to the purchase of products and services used or offered for sale at the iFLY Business. Among other things, the following must comply with our specifications:

Site Selection and Construction

You must locate a site for the iFLY Business from within a geographic selection area identified in the Franchise Agreement. You must obtain our written approval of the proposed site. We will use reasonable efforts to help analyze site feasibility, and to assist in identifying a location for the wind tunnel, although we will not conduct site selection activities for you. We will not unreasonably withhold our approval of a site that meets our then current criteria for demographic characteristics; traffic patterns; parking; character of neighborhood; competition from, proximity to, and nature of other businesses; other commercial characteristics; and the proposed site's size, appearance, and other physical characteristics. Upon our approval of a site, and after you secure the site, we will insert its address into Exhibit A in the Franchise Agreement, and the site having that address will be the location for your iFLY Business (the "Location"). You may operate the iFLY Business only at the Location.

We will provide you with certain on-site construction and commissioning support, but you are responsible for obtaining all required permits and approvals and for installing the wind tunnel at the Location in a building that meets our standards and specifications, which we will provide to you. Before you submit final drawings to any governmental agency, you must give us a set of concept drawings in electronic form, showing the proposed building design in the surrounding environment, as well as the size and allocation of

interior spaces. Before you apply for a building permit and before you commence construction, you must give us the full stamped set of construction drawings for our review and approval. These must include all civil, foundation, structural, architectural, mechanical, electrical, plumbing, roof, parking and/or landscape drawings. Because our review is limited to ensuring your compliance with our design requirements, it will not assess compliance with federal, state, or local laws and regulations. It is your responsibility to prepare all required construction plans and specifications to suit the Location and to make sure that these plans and specifications comply with all applicable ordinances, building codes, permit requirements, and lease requirements and restrictions. You may not open for business until you have received the approval of your architect and structural engineer of record, and our consent.

Advertising and Promotion

Your local advertising and promotion must follow our guidelines. Your advertising, promotion, and marketing must be completely clear, factual, and not misleading and conform to both the highest standards of ethical advertising and marketing and the advertising and marketing policies that we prescribe from time to time. We control 100% of all Internet advertising. You are not allowed to have or start your own website without first getting our written consent. If we allow you to have a website or if you have an area on our website that we let you modify, we must approve all content.

You must participate in and comply with the terms of any special sales program or other promotional or cross-promotional activity which we may prescribe, generally or on a national, regional or multi-regional basis, at your expense, including, participation in voucher, gift card or gift certificate programs (and programs offered by experience marketing, travel or holiday booking services and joint advertising and promotional programs).

Before you use them, you must send us, for our approval, samples of all advertising, promotional, and marketing materials that we or our designated agency have not prepared or previously approved within the preceding 24-month period. We will give you our approval or disapproval within 20 days after we receive the materials. You may not use any advertising, promotional, or marketing materials that we have not approved or have disapproved. You may not develop, maintain, authorize or participate in any website (other than our authorized Website) that mentions or describes you or the iFLY Business or displays any of the Marks.

If we make proposals that are accepted by at least 60% of all iFLY locations (as measured by the percentage of total Gross Sales from all iFLY franchised and company-owned or affiliated locations operating during the calendar year immediately preceding the date of the proposal), you will be required to (a) contribute a specified percentage of your iFLY Business's Gross Sales (not to exceed 3%) to an advertising fund (the "Fund") and/or (b) participate in a centralized "1-800" reservation system. We will administer any such Fund and reservation system as described in the proposal and iFLY locations that we or our affiliates own will contribute to the Fund and participate in the reservation system on the same basis as our franchisees.

Insurance; Customer Waivers and Releases

During the term of the Franchise Agreement, you must maintain in force at your sole expense one or more comprehensive general liability insurance policies which we approve, without a design defect exclusion and with blanket broad form contractual liability coverage, covering all liability arising out of bodily injury and/or property damage due to the use of the wind tunnel and the offer and sale of products and services by your iFLY Business. These policies must provide a minimum total insurance coverage equal to \$5,000,00 per occurrence and \$5,000,000 annually in the aggregate, net of all claims and expenses paid and reserved for in any policy period. These insurance policies must name us and any affiliates we designate as additional

named insureds and provide for 30 days' prior written notice to us of a policy's material modification, cancellation, lapse or termination for any reason. You must give us evidence of your insurance before you begin operations and at any policy renewal, rewriting or change, and must provide notice to us of any claims made and report expenses paid and reserved against the policy which may lower the available insurance amounts. You must provide us a copy of your current insurance policy at our request. You must also institute and maintain a system requiring your patrons to sign waivers or releases that protect us and our affiliates, as well as you, from liability to the maximum extent permitted by applicable law and that grant both you and us the right to use their images and likenesses for any promotional, advertising or other commercial purpose. Under the terms of the Franchise Agreement, you will not be permitted to use such images in advertising and promotional activities using the Internet.

Purchasing Arrangements

In our fiscal year ended December 27, 2020, the following affiliates received revenues from the sale of products or services to our franchisees: SkyVenture received \$3,203,382.93 from the sale of wind tunnel equipment, maintenance, upgrades, replacement parts, and commissioning of the wind tunnel services; and SkyVenture Management received \$0 from the provision of management services. This information was obtained from the financial records of our affiliates and, for those businesses that became franchises in 2020, was calculated from the date the franchise agreement was signed. In our fiscal year ended December 27, 2020, we received revenues from franchisees related to required purchases of products and services not included as a part of the initial franchise fee of \$124,833, or approximately 17% of our total revenue.

In our fiscal year ended December 27, 2020, neither we nor our affiliates received payments, rebates, or other material consideration from any designated sources because of transactions with franchisees.

We will not provide material benefits to franchisees based upon their use of designated or approved suppliers. There are currently no purchasing or distribution cooperatives for the iFLY franchise network. We or our affiliates may concentrate purchases with one or more suppliers to obtain lower prices or the best advertising support or services. Approval of a supplier may be conditioned on requirements relating to product quality, prices, consistency, reliability, financial capability, labor relations, customer relations, frequency of delivery, concentration of purchases, standards of service, including prompt attention to complaints, or other criteria and may be temporary, pending our continued evaluation of the supplier from time to time.

Your obligations to purchase or lease goods, services, supplies, fixtures, equipment, inventory, and computer hardware and software from us or our designee, from suppliers we approve, or under our specifications are all considered "required purchases." We describe these obligations in detail in the preceding sections of this Item 8. The magnitude of required purchases in relation to all purchases you make to establish and operate the iFLY Business is difficult to determine due to the highly variable nature of expenditures necessary to establish and operate the iFLY Business as described in Item 7. We estimate that your initial required purchases from sources designated or approved by us will be approximately 75% of the cost of your total initial purchases or leases. We estimate that your required purchases from sources designated or approved by us for the operation of the iFLY Business will be approximately 3% of your total annual purchases or leases.

Certain of our officers have an indirect ownership interest in us and our affiliates as a result of their ownership interest in our Parent. Otherwise, none of our officers owns an interest in any privately-held suppliers, or a material interest in any publicly-held suppliers, of the franchise system. From time to time, our officers may own non-material interests in publicly-held companies that may be suppliers to our franchise system.

ITEM 9

FRANCHISEE'S OBLIGATIONS

This table lists your principal obligations under the Franchise Agreement and other agreements. It will help you find more detailed information about your obligations in these agreements and in other Items of this Disclosure Document.

Obligation	Section in Agreement	Item in Disclosure Document
a. Site selection and acquisition/lease	Section 3.1 of Franchise Agreement	Items 7, 8, 11 and 12
b. Pre-opening purchases/leases	Sections 3.1-3.3 of Franchise Agreement	Items 5, 7, 8 and 11
c. Site development and other pre-opening requirements	Sections 3.2-3.9 of Franchise Agreement	Items 7, 8 and 11
d. Initial and ongoing training	Section 4 of Franchise Agreement	Items 6, 7 and 11
e. Opening	Section 3 of Franchise Agreement	Items 7 and 11
f. Fees	Sections 4.1, 5.1-5.2 and 13.2.9 of Franchise Agreement; Section 2.3.1 of Equipment Purchase Agreement; Sections 2 and 17 of ICRS Software License Agreement.	Items 5, 6, 7 and 11
g. Compliance with standards and policies/Operations Manuals	Sections 7 and 9.1-9.4 of Franchise Agreement	Items 8 and 11
h. Trademarks and proprietary information	Sections 8 of Franchise Agreement	Items 13 and 14

Obligation	Section in Agreement	Item in Disclosure Document
i. Restrictions on products/services offered	Section 6.2 of Franchise Agreement	Items 8 and 16
j. Warranty and customer service requirements	Not applicable	Not applicable
k. Territorial development and sales quotas	Not applicable	Not applicable
l. Ongoing product/service purchases	Sections 6.6-6.7 of Franchise Agreement	Items 6, 8, 11 and 16
m. Maintenance, appearance and remodeling requirements	Sections 6.3-6.4 of Franchise Agreement	Item 8, 11 and 17
n. Insurance	Section 11 of Franchise Agreement	Items 7 and 8
o. Advertising	Section 6.1 of Franchise Agreement	Items 6, 7, 8 and 11
p. Indemnification	Section 10 of Franchise Agreement	Item 6
q. Owner's participation/management/staffing	Article 1 and Section 14.6 of Franchise Agreement	Items 11 and 15
r. Records and reports	Section 5.3-5.5 of Franchise Agreement	Item 11
s. Inspections and audits	Sections 5.6 and 6.5 of Franchise Agreement	Items 6 and 11

Obligation	Section in Agreement	Item in Disclosure Document
t. Transfer	Section 13 of Franchise Agreement; Section 6.3.1 of Equipment Purchase Agreement; Section 18 of ICRS Software License Agreement	Items 6 and 17
u. Renewal	Section 12.2 of Franchise Agreement; Section 2.3.1 of Equipment Purchase Agreement; Section 10 of ICRS Software License Agreement	Items 6 and 17
v. Post-termination obligations	Section 12.6 of Franchise Agreement	Item 17
w. Noncompetition covenants	Section 9.5 of Franchise Agreement	Item 17
x. Dispute resolution	Sections 15.6-15.7 of Franchise Agreement	Item 17

ITEM 10

FINANCING

We do not offer direct or indirect financing, and we do not guarantee your notes, leases, or other obligations. SkyVenture accepts payment of the purchase price for the wind tunnel equipment in 2 installments. The first is due within 10 days of signing the Purchase Agreement and a final payment, equal to the balance of the purchase price, is due when SkyVenture tenders the wind tunnel equipment to you. SkyVenture does not charge interest on the purchase price balance, and you are not required to sign a note or security agreement, but if SkyVenture has reason to believe your ability to pay the balance is impaired, it may require you to pay the balance into escrow or provide an acceptable letter of credit or bond.

ITEM 11

FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING

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

Pre-Opening Obligations: Before you open your iFLY Business, we or our designee will:

1. Cause SkyVenture to sell the wind tunnel to you. (Franchise Agreement – Article 1 and Equipment Purchase Agreement)
2. Review and, in our sole discretion, approve your Location for the iFLY Business at a site within the selection area designated in the Franchise Agreement. (Franchise Agreement – Section 3.1)
3. Provide you with any and all drawings, plans, designs or other technical information necessary or required to help you secure land use planning and other approvals. (Franchise Agreement – Section 3.2)
4. Give you our specifications (if any) for the design of the building to house the wind tunnel and we will review your proposed building design drawings. (Franchise Agreement – Section 3.3)
5. Provide on-site personnel for assistance with commissioning services and start-up of the wind tunnel for up to 15 days for no additional charge, and additional on-site construction support and commissioning services at then-current rates for such support personnel. (Franchise Agreement – Section 3.4)
6. As discussed in Item 8, identify the designated and approved suppliers from whom you must or may buy or lease certain items, including the wind tunnel (which may be limited to and/or include us, our affiliates, and/or other specified exclusive sources). (Franchise Agreement – Section 6.7)
7. License to you the Control System Software (Franchise Agreement – Section 2.1) and the ICRS Software (Franchise Agreement – Section 6.10 and Software License Agreement).
8. At least sixty days before opening of the iFLY Business, we shall provide POS System and other training that we require for one or more of your employees to complete, including our basic flight instructor training (described in more detail below) and our management training program (described in more detail below). (Franchise Agreement – Section 4.1)
9. Provide basic flight instructor training for a limited number of initial candidates (but there is no guarantee that all or any candidate will pass). (Franchise Agreement – Section 4.2) We describe this training later in this Item.
10. Provide management training that, depending on your election, may be an initial general management training or an intensive overview training, (Franchise Agreement – Section 4.5)
11. Provide you with access to one copy of the Franchise Operations Manual, Manager's Manual, and Point of Sale Manual in connection with your operation of the iFLY Business. (Franchise Agreement – Section 9.1)

Continuing Obligations. During your operation of the iFLY Business, we will:

1. Let you use our System and our Marks. (Franchise Agreement – Section 2)
2. Offer, for a fee, additional flight instructor training (including training for replacement personnel and training needed to maintain flight instructor ratings) and, in our discretion, other additional training courses or programs. (Franchise Agreement – Sections 4.3 and 4.4)
3. Advise you regarding the iFLY Business' operation based on your reports or our inspections. We will guide you in our Operations Manual, bulletins, or other written materials; by electronic media; by telephone consultation; and/or at our office or the iFLY Business. (Franchise Agreement – Sections 6.4, 6.5 and 7.1)
4. Inspect the iFLY Business and observe its operation to help you comply with the Franchise Agreement and all System standards. (Franchise Agreement – Section 6.5)
5. Authorize the products and services (and the names for those products and services) offered by iFLY Businesses. (Franchise Agreement - Section 6.2)
6. Periodically advise or offer guidance to you on prices for any products and services offered for sale by the iFLY Business that in our judgment constitute good business practice. Alternatively, we may, to the extent the law allows, regulate your minimum, maximum, or other prices for products and require you to participate in system-wide programs that we may authorize. (Franchise Agreement – Section 6.8)
7. Maintain the iFLY website's features and functions. (Franchise Agreement – Section 6.11.2) Notwithstanding the foregoing, we may establish interior pages on the website to promote the locations operated by its franchisees, and we may permit you to customize or post certain information to that interior page on our website, subject to the terms more fully described in the Franchise Agreement. (Franchise Agreement – Section 6.11.3)
8. Continue to provide you access to one copy of the Manuals for the duration that your Franchise Agreement remains in effect. The Manuals contain mandatory and suggested specifications, standards, operating procedures, and rules that we periodically require. We may modify the Manuals periodically to reflect changes in System standards, and you must comply with such modifications upon written notice from us. (Franchise Agreement – Section 9.1)
9. Let you use our confidential information. (Franchise Agreement – Section 9.2)

Advertising.

You are not required to spend any specific amount on local advertising to promote your iFLY Business. However, any advertising you do must comply with our standards. All advertising, promotion, and marketing must be completely clear, factual, not misleading, and conform to both the highest standards of ethical advertising and marketing and the advertising and marketing policies that we periodically require. Before you use them, we must approve any materials that we have not approved within the previous 24 month period. We will give you notice within 20 days after we receive the materials. We have the exclusive right to advertise, offer and sell the products and services offered by iFLY Business through the Internet. You may not develop, maintain, authorize or participate in any website that mentions or describes your iFLY Business or displays any of the Marks other than our official Website.

We have not established an advertising fund or a centralized 1-800 reservations system. If in the future we make a proposal to do so that is accepted by at least 60% of all iFLY locations (as measured by the percentage of total Gross Sales from all iFLY franchised and company-owned or affiliated locations operating during the calendar year immediately preceding the date of the proposal), you will be required to (a) contribute a specified percentage of your iFLY Business's Gross Sales (not to exceed 3%) to an advertising fund and/or (b) participate in a centralized "1-800" reservation system. We or our designee will administer any such fund and reservation system as described in the proposal and iFLY locations that we or our affiliates own will contribute to the fund and participate in the reservation system on the same basis as our franchisees.

Computer System

The Franchise Agreement includes a month-to-month license to use the Control System Software, which is the operating software for the wind tunnel. This license is automatically renewed each month as long as you are current in your royalty payments and are otherwise complying with the terms of your Franchise Agreement. If the license is suspended or not renewed as a result of your default, the tunnel will either cease functioning or will function only at a diminished level.

You must enter into the ICRS Software License Agreement and acquire and maintain all hardware, software, peripheral equipment, accessories, and support services, and take all other actions (including installation of electrical wiring and cabling, and temperature and humidity controls) that may be necessary to enable the Information Collection and Retrieval System. This is the iFLY Integrated Information System (IIS) or any successor systems we may later require. It will include some or all of the following: a point of sale cash collection system (the "POS System") (however, you will need to contract with a third party supplier such as Siriusware or Fuse Metrix that is compatible with our Information Collection and Retrieval System), automated video recording system, automated photo capture, printing and archiving system, accounting system, timekeeping, video surveillance, telephone, and other systems used in the operation of the iFLY Business.

In order to operate the Information Collection and Retrieval System (including the POS System) you must currently acquire hardware and software as designated by us from third party vendors or through us directly. Among other things, the hardware includes servers, PCs, monitors, printers, networks, POS hardware, cameras, hard drives, and UPS, and the software includes operating systems, databases, a reservation system, POS, e-commerce, photo and video capture and delivery, accounting, and backup. We will supply software to integrate some of the components described in the previous sentence and software to assist you in reviewing your tunnel data. We estimate that it will cost approximately \$135,000 to \$266,628, which does not include payment of the \$65,000 initial license fee, to implement the Information Collection and Retrieval System, including all required software.

In addition to the annual maintenance and support fee under the ICRS Software License Agreement, the current annual support and license fees charged by third party suppliers of ICRS components are: \$8,000 to \$14,000 annually for the Siriusware POS support and license fee; and \$1,499 to \$1,999 annually for the Protobase credit card processing license.

You must have a connection to the Internet with a static IP address that is capable at all times of at least 50 megabits upload and 50 megabits download, exclusively for the ICRS, with a router. You must have an employee or third-party contractor set up and manager your network.

You must link the Information Collection and Retrieval System to us or our designated affiliate via the Internet or in any other manner we specify and must allow us or our affiliate to poll the Information

Collection and Retrieval System on a daily or other basis at such times and in such manner as we may establish, with or without notice. We will be able to retrieve information stored in the Information Collection and Retrieval System, including email addresses from the booking system, which we may use to make direct Internet solicitations.

In the future, we may modify specifications for, and components of, the Information Collection and Retrieval System. Those modifications, and/or other technological developments or events, might require you to purchase, lease, and/or license new or modified computer hardware and/or software and to obtain service, maintenance and support for the Information Collection and Retrieval System. Although we cannot estimate these future costs, and although these costs might not be fully amortizable over the Franchise Agreement's term, you will be required to incur the costs of obtaining the computer hardware and software comprising the Information Collection and Retrieval System (or additions and modifications) and required service or support. There is no contractual limitation on the frequency or cost of your obligations described in this paragraph. We have no obligation to reimburse you for any such costs; however, we do agree to license any proprietary components of the Information Collection and Retrieval System to you at no charge, except a reasonable annual maintenance and support fee based on our actual costs of providing maintenance and support.

Opening

We estimate that it will be 210 to 540 days after you sign the Franchise Agreement before you open the iFLY Business, but this assumes that you already have an approved site for the iFLY Business or secure one within a reasonable period of time after signing the Franchise Agreement. We may terminate the Franchise Agreement if you fail to open for business within 18 months after SkyVenture tenders delivery of the wind tunnel to you. The specific timetable for opening depends on the site's condition; the construction schedule; the extent to which you must upgrade or remodel an existing location; the delivery schedule for equipment and supplies; completing training; and complying with local laws and regulations. You may not open the iFLY Business until: (1) we notify you in writing that the iFLY Business meets our standards and specifications (including our connectivity with your ICRS through the Internet); (2) you secure written approvals from your architect and structural engineer of record; (3) you complete pre-opening training (including POS system training) to our satisfaction; (4) you pay the initial franchise fee and other amounts then due to us and our affiliates; (5) you pay any and all sales tax or similar tax due as a result of the purchase of the franchise or the equipment from us or our affiliates; and (6) you give us certificates for all required insurance policies. (Franchise Agreement – Section 3.5)

Manuals

We will provide you access to our confidential Operations Manual after you execute the Franchise Agreement, pay your Franchise Fee, and we receive your initial 50% payment of the purchase price under the Equipment Purchase Agreement. You may not make any copies of the Manual and must keep its contents confidential as we consider the Operations Manual to be proprietary. The current table of contents of the Operations Manual is attached as Exhibit J and currently includes approximately 37 pages.

Training

Initial Training: Not later than 60 days before the scheduled opening of the iFLY Business, you must designate one or more employees to attend and satisfactorily complete all POS System training required by us or our third-party POS System provider. There is currently no additional fee for POS System training although you must pay all costs associated with your employees' attendance at training.

You must also designate up to 7 individuals to attend and satisfactorily complete the Flight Instructor Training Program (“FITP”) (Franchise Agreement – Sections 4.1 and 4.2.)

SkyVenture Management can also provide an optional management training program for your tunnel manager. Depending on your manager’s experience, you may want to put your hire through a 2-week training course or a more intensive 4-week course for persons who have little experience managing wind tunnels. Management training is conducted at an iFLY facility designate – part of the training may be at your facility. The cost of the 2 week course is \$10,000 and the cost of the 4-week course is \$20,000, plus our trainers’ expenses (including travel, based on round trip coach airfare, ground transportation, lodging, and a per diem for meals and incidentals at the rate published by the U.S. State Department). If management training occurs at a site that is not your tunnel, you will also be responsible for the costs your management trainees incur (including wages, transportation, accommodations, and meals).

To begin operations, you must have at least 7 certified level one Flight Instructors. As part of the initial franchise fee, we will provide a minimum of 2 IBA rated instructors for 20 working days over a 28 calendar day period to conduct the level one FITP. However, we do not warrant that all of your trainees will graduate or receive any particular rating by the end of that period. If you wish to add additional trainees, you must pay our then-current training fee. (See Item 5).

If you request other additional initial training, you must pay for additional initial training at our current rate of \$500 per instructor per day (subject to change upon notice), plus the instructor’s expenses. (Franchise Agreement - Section 4.3)

You must reimburse us for all reasonable expenses incurred by our instructors in the performance of their training services, including all reasonable travel expenses, accommodations, meals, and ground transportation costs of the instructors. You are also solely responsible for the cost of all tunnel time required for training that is not included in the standard packages (approximately \$500 to \$700 per hour) and for the costs and expenses incurred by your trainees.

As of the date of this Disclosure Document, the initial Management Training and Flight Instructor Training Programs are as follows:

**MANAGEMENT TRAINING PROGRAM⁽¹⁾
(OPTIONAL)**

<u>Subject</u>	<u>Hours of Classroom Training</u>	<u>Hours of on the Job Training</u>	<u>Location</u>
General Duties	4-8	4-16	Your site or one we designate
Daily Sales, Accounting and Paperwork	4-8	4-16	Your site or one we designate
Managing Staff	2-4	2-16	Your site or one we designate

<u>Subject</u>	<u>Hours of Classroom Training</u>	<u>Hours of on the Job Training</u>	<u>Location</u>
Hiring	4-6	4-4	Your site or one we designate
Morale	4-6	4-6	Your site or one we designate
Employee Evaluation	2-4	0-4	Your site or one we designate
Sales and Marketing	4-12	4-12	Your site or one we designate
Other General Management Issues	4-12	4-16	Your site or one we designate
Total	28-60	22-90	

LEVEL ONE FLIGHT INSTRUCTOR TRAINING PROGRAM ⁽¹⁾

<u>Subject</u>	<u>Hours of Classroom Training</u>	<u>Hours of on the Job Training</u>	<u>Location</u>
PHASE I⁽²⁾			
Basic Flying Skills	20 hours	20 hours	A site we select
Basic Walking Skills	20 hours	20 hours	A site we select
Basic Handling of Flyers	20 hours	20 hours	A site we select
PHASE II			
Advanced Handling of Flyers	40 hours	40 days	Your Location
Teach Class, Fit Gear, Ongoing Safety/Training Plan	5 hours	5 hours	Your Location
Operate/Inspect Tunnel & Basic Maintenance	5 hours	5 hours	Your Location

<u>Subject</u>	<u>Hours of Classroom Training</u>	<u>Hours of on the Job Training</u>	<u>Location</u>
Customers While Under Supervision	-0-	20 hours	Your Location
Total	110 hours	130 hours	

Notes:

(1) Please note that Management Training is optional. Training is offered periodically, on a flexible schedule, to accommodate our personnel and you and your personnel. The duration, content and location of the training programs may be modified from time to time. Chris Barrett oversees our optional franchisee management training and Flight Instructor Training Program. Chris Barrett, who oversees our Flight Instructor Training Program and optional Franchisee Management Training, has been our President – Retail Division since October 2019, and from July 2019 through September 2019, served as our Chief Transformation Officer. He has more than 2 years of experience in overseeing training programs. Our other training instructors have field experience in their particular area of expertise, including wind-tunnel flight instruction.

(2) Each flight instructor trainee must complete the Phase 1 minimum requirements before proceeding to Phase 2.

(3) After successful completion of Phase 2 training (as determined solely by us or IBA), each trainee will be certified as a “Qualified Flight Instructor”. For flight training, only those trainers who hold an IBA rating of “Conduct Level 1 Flight Instructor Training Program” can conduct the FITP. For those portions of the program that require two trainers, the second trainer must hold at least a “Conduct Intermediate Safety Meeting” rating. These ratings require approximately 18 to 24 months of ongoing training to achieve.

The instructional materials for the FITP include videos, handouts, the Operations Manual, and tests or other evaluations that you must complete.

Ongoing Training

We may make available or require your or our owners and/or other personnel to attend additional flight instructor or other training courses or programs. These programs may be held on a national or regional basis at locations we select to provide instruction on new procedures or programs that we deem to be important to the operation of the wind tunnel and to the offer and sale of the required products and services. We will determine which training courses are optional and which are mandatory and the time and place of such training courses shall be at our discretion. If we or our affiliate provide additional Flight Instructor training, it will be provided at then current per diem rates (currently \$500/day/trainer) plus expenses. If we use a third party to provide additional flight instructor training, we will charge you our direct costs plus 10%. Any other training we provide will be provided at our cost (including all direct costs of personnel, equipment and materials, and a proportionate share of the related overhead expenses), or, if training is provided by a third-party service provider, at a cost that includes all third party charges plus 10%. In all cases, you must pay all transportation costs, food, lodging and similar costs incurred in connection with attendance at such programs. (Franchise Agreement – Sections 4.3 and 4.4)

You should anticipate that your Flight Instructors will need additional training to achieve and maintain the appropriate ratings. Currently, we require that you arrange for an appropriately rated instructor to conduct ongoing training programs at your Location at least 10 times a year. You should also anticipate that you will ultimately require at least 10 to 12 Flight Instructors to operate your iFLY Business at optimum levels. Flight Instructors (as well as flyers and trainers) are rated by IBA on a scale of 1 to 4 so that similarly rated Flight Instructors and flyers can be matched. Not every Flight Instructor is rated to “spot” every type of flying, and you will need Flight Instructors with a variety of ratings to service customers who want to execute advanced flying maneuvers. You may obtain additional Flight Instructor training from us, the IBA or from any appropriately rated trainer.

ITEM 12

TERRITORY

You will operate the iFLY Business at a specific Location that we approve.

If you are in compliance with your obligations, then during the term of the Franchise Agreement, neither we nor SkyVenture will install or operate, nor grant anyone other than you the right to install or operate, another vertical wind tunnel identified with the iFLY Marks within a defined geographical Territory. Your Territory will be determined by us after you have acquired your Location and will be described in Exhibit A to the Franchise Agreement. We base the size and configuration of the Territory on a number of factors including the size and location of the tunnel, population density, and the propensity of the people in the area to patronize this type of entertainment.

You may advertise and promote your iFLY Business and take customer orders within and outside your Territory by any means other than the Internet. However, you may not install or operate, or to allow or authorize anyone else to install or operate, the wind tunnel at any location other than the approved Location. You may not relocate the wind tunnel without our prior written consent.

Except as described above, your rights under the Franchise Agreement are non-exclusive and we and our affiliates retain all rights with respect to iFLY, the Marks, the sale of similar or dissimilar products and services, and any other activities we deem appropriate whenever and wherever we desire, including, but not limited to the right:

- (1) to promote and advertise anywhere in the world including in the Territory the wind tunnel equipment and the business of designing, fabricating and selling vertical wind tunnel equipment and to advertise, offer and sell all products and services identified with the iFLY System (including tunnel time and customer images) through the Internet;
- (2) to offer, sell, develop, promote, construct, own, lease, acquire and/or operate wind tunnels and authorized products and services, and grant franchises or licenses for them under the Marks or under other trademarks anywhere in the world outside the Territory, including locations adjacent, adjoining or proximate to the Territory; and
- (3) to develop, promote, construct, own, lease, acquire and/or operate (alone or in consultation with others), and to license or sell to others to operate within and outside the Territory, derivatives of and variations on the wind tunnel, as well as other applications using some or all of the technology used in the wind tunnel.

Continuation of your franchise does not depend on your achieving a certain sales volume or market penetration. You have no options, rights of first refusal, or similar rights to acquire additional franchises.

You may not advertise, or offer or sell, the products and services of the iFLY Business through the Internet, except with our advanced written consent.

Except for the SkyVenture licenses described in Item 1, neither we nor our affiliates have established or have present plans to establish franchises, company-owned outlets, or other channels of distribution offering and selling products and services similar to those to be offered by you under different trademarks. There are, however, no restrictions in the Franchise Agreement that would prohibit us from doing so.






ITEM 13

TRADEMARKS


The Franchise Agreement gives you a license to operate an iFLY Business under the mark “iFLY” and to use any future Marks we authorize.

The following Marks are owned by our Parent and have been registered with the U.S. Patent and Trademark Office (“PTO”) on the Principal Register. Our rights to use the Marks for purposes of selling and establishing franchises under the Franchise System is pursuant to an Intercompany License (described below). At the appropriate times, our Parent intends to renew the registrations and to file all appropriate affidavits.

Mark	Register	Registration No.	Registration Date
IFLY (standard character)	Principal	3,728,837	December 22, 2009
IFLY (standard character)	Principal	3,735,041	January 5, 2010
IFLY (standard character)	Principal	3,914,837	February 1, 2011
IFLY (standard character)	Principal	3,931,801	March 15, 2011
IFLY (standard character)	Principal	5,080,442	November 15, 2016
IFLY (standard character)	Principal	5,377,650	January 16, 2018
IFLY (standard character)	Principal	5,656,067	January 15, 2019
IFLY (standard character)	Principal	5,698,208	March 12, 2019

Mark	Register	Registration No.	Registration Date
 (design)	Principal	3,732,473	December 29, 2009
 (design)	Principal	4,726,954	February 10, 2015
 (design)	Principal	5,080,441	November 15, 2016
 (design)	Principal	5,666,943	January 29, 2019
 (design)	Principal	6,239,897	January 5, 2021

Our Parent has applied for registration of the following Marks with the PTO and, following registration, intends to renew the registration and to file all appropriate affidavits at the appropriate times required by law. We do not have a federal registration for the following Marks. Therefore, these Marks do not have many legal benefits and rights as a federally registered trademark. If our right to use the Marks is challenged, you may have to change to an alternative trademark, which may increase your expenses.

Mark	Register	Application Number
 (design)	Principal	87/153,701
CHOOSE TO FLY (standard character)	Principal	88/413,315
CHOOSE TO FLY (standard character)	Principal	88/413,363

There is no presently effective determination of the U.S. Patent and Trademark Office, the trademark trial and appeal board, the trademark administrator of any state or any court, nor any pending infringement, opposition, or cancellation proceeding. There is no pending material litigation involving the Marks which is relevant to their ownership, use or licensing:

We know of no superior prior rights or infringing use that could materially affect your use of the Marks, and we know of no agreements currently in effect which significantly limit our rights to use or license the use of the Marks in any manner material to the franchise.

Our rights to the iFLY Marks and the proprietary franchise System know-how are derived from a nonexclusive perpetual license (the “Intercompany License”) between us and our Parent. The Intercompany License grants us the right to use the Marks and the proprietary information related to the franchise System, such as the know-how and the Manuals, for the purpose of licensing them to our franchisees and fulfilling our obligations under the Franchise Agreement. The Intercompany License is terminable by our Parent, with or without cause, on 3 days’ written notice. However, in the event of termination, our Parent will continue to honor any sublicenses we granted before the termination date, as long as the sublicenses were

granted directly to unrelated third parties specifically and only for those third parties to operate individual franchises at specific locations within defined territories in the U.S. We know of no other agreements currently in effect which significantly limit our rights to use or license the use of the Marks in any manner material to you.

We are not obligated to protect your rights to use the Marks or to protect you against claims of infringement or unfair competition. However, we will reimburse you for all damages and expenses that you incur in any trademark infringement proceeding disputing your authorized use of any Mark under the Franchise Agreement if you have timely notified us of, and comply with our directions in responding to, the proceeding. At our option, we may defend and control the defense of any proceeding arising from your use of any Mark under the Franchise Agreement.

You must notify us immediately of any apparent infringement or challenge to your use of any Mark, or of any person's claim of any rights in any Mark, and not to communicate with any person other than us, our attorneys, and your attorneys, regarding any infringement, challenge, or claim. We may take the action we deem appropriate (including no action) and control exclusively any litigation, U.S. Patent and Trademark Office proceeding, or other administrative proceeding arising from any infringement, challenge, or claim or otherwise concerning any Mark. You must sign any documents and take any other reasonable actions that, in the opinion of our attorneys, are necessary or advisable to protect and maintain our interests in any litigation or Patent and Trademark Office or other proceeding or otherwise to protect and maintain our interests in the Marks. We will reimburse you for your costs of taking any action that we have asked you to take.

You must use the Marks as the iFLY Business' sole identification, except that you agree to identify yourself as its independent owner in the manner we prescribe. You may not use any Mark in any of the following ways: (1) as part of any corporate or legal business name; (2) with any prefix, suffix, or other modifying words, terms, designs, or symbols (other than logos we have licensed to you); (3) in selling any unauthorized services or products; (4) as part of any domain name, homepage, electronic address, or otherwise in connection with a website; or (5) in any other manner that we have not expressly authorized in writing.

You may not use any Mark in advertising the transfer, sale, or other disposition of the iFLY Business or an ownership interest in you without our prior written consent, which we will not unreasonably withhold. You must display the Marks prominently as we prescribe at the iFLY Business and on forms, advertising, supplies, and other materials we designate. You must give the notices of trade and service mark registrations that we specify and to obtain any fictitious or assumed name registrations required under applicable law. You may not at any time during or after the Franchise Agreement's term contest or assist any other person in contesting the validity, or our and our affiliate's ownership, of the Marks.

We may require you to modify or discontinue using any Mark and/or to use one or more additional or substitute trade or service marks if the current Mark no longer can be used, or if we determine, in our sole discretion, that substitution of a different trademark will be beneficial to the System. You must comply with our directions within a reasonable time after receiving notice. We need not reimburse you for your direct expenses of changing the iFLY Business' signs, for any loss of revenue due to any modified or discontinued Mark, or for your expenses of promoting a modified or substitute trademark or service mark. Our rights described in this Item 13 apply to any and all of the Marks (and any portion of any Mark) that we authorize you to use. We may exercise these rights at any time and for any reason, business or otherwise, that we think best.

ITEM 14

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

Certain technology used in the design of the wind tunnel manufactured by SkyVenture is protected by various patents.

We also claim copyright protection and proprietary rights in the original materials used in the franchise System, including (without limitation): (a) training and operations materials and Manuals; (b) methods, formats, specifications, standards, systems, procedures, products, sales and marketing techniques, knowledge, and experience used in developing and operating iFLY Businesses; (c) marketing and advertising programs for iFLY Businesses; (d) knowledge of specifications for and suppliers of certain products and supplies used in the operation of iFLY Businesses; (e) any computer software or similar technology which is proprietary to us or the Franchise System, including, without limitation, digital passwords and identifications and any source code of, and data, reports, and other printed materials generated by, the software or similar technology; (f) knowledge of the operating results and financial performance of iFLY Businesses (other than your iFLY Business); and (g) graphic designs and related intellectual property.

We treat as confidential any information we mark as confidential and all know-how and technical information (whether or not marked confidential). Know-how includes any and all inventions, developments, formulas, processes, improvements, discoveries, and technical information relating to the wind tunnel or the franchise System (including inventions, developments, formulas, processes, improvements, discoveries, technical data, drawings, renderings, models, trade secrets, performance data, software, specifications, production techniques, the Manuals, marketing materials or the like) which we authorize for use in connection with the franchise System (“Confidential Information”).

We treat all of the Confidential Information as trade secrets, and you must treat any of this information we communicate to you confidentially. Specifically, you must agree that you: (a) will not use Confidential Information in any other business or capacity; (b) will keep each item deemed to be part of Confidential Information absolutely confidential, both during the Franchise Agreement’s term and afterward for as long as the item is not generally known; (c) will not make unauthorized copies of any Confidential Information disclosed via electronic medium or in written or other tangible form; and (d) will adopt and implement reasonable procedures to prevent unauthorized use or disclosure of Confidential Information, including, without limitation, restricting its disclosure to your personnel and others and using non-disclosure and non-competition agreements with those having access to Confidential Information. You must have each of your owners and any of your other personnel who have received or will have access to our Confidential Information sign covenants similar to those described in this paragraph. We have the right to regulate the form of agreements that you use and to be a third-party beneficiary of those agreements with independent enforcement rights.

There is no presently effective determination of the U.S. Copyright Office (Library of Congress) or any court affecting our copyrights. There is no currently effective agreement that limits our right to use and/or license our copyrights. We are not obligated by the Franchise Agreement, or otherwise, to protect any rights you have to use the copyrights. We have no actual knowledge of any infringements that could materially affect the ownership, use or licensing of the copyrights.

All ideas, concepts, techniques, information, or materials relating to an iFLY Business, 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 Franchise

System, and works made-for-hire for us. This information includes, without limitation, any and all customer lists or other information relating to customers of the iFLY Business that you may obtain or develop for any reason. To the extent that 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 agree to take whatever action (including signing assignment or other documents) we request to evidence our ownership or to help us obtain intellectual property rights in the item.

ITEM 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

You (or, if you are an entity, your “Managing Owner” as defined below) must actively manage the iFLY Business with responsibility for direct supervision of the iFLY Business. If you are a legal entity, you must appoint a shareholder, member, or partner (as applicable) whom we approve to be your “Managing Owner,” responsible for overseeing and supervising the iFLY Business’ operation. You (or your Managing Owner) must devote full time to the management and supervision of the iFLY Business and use best efforts to promote the iFLY Business.

Our System standards may regulate the iFLY Business’ staffing levels, identifying the iFLY Business’ personnel, and employee qualifications, training, dress, and appearance (although you have sole responsibility and authority concerning employee selection and promotion, hours worked, rates of pay and other benefits, work assigned, and working conditions).

Your flight instructors and other personnel that hold managerial roles need not have an equity interest in the iFLY Business or you, but they must agree in writing to preserve confidential information to which they have access and not to compete with you, us, and other franchise owners. Such persons, along with your direct and indirect owners that do not sign the Guaranty and Assumption of Obligations (described below), must sign an Employee Confidentiality Agreement and Non-Compete Agreement, attached as Exhibit E to the Franchise Agreement, under which any such persons must maintain confidentiality of all of our proprietary information and conform to the covenants not to compete that we describe in Item 17. . We may regulate the form of agreement that you use and be a third-party beneficiary of that agreement with independent enforcement rights.

If you are a corporation, limited liability company, or partnership, your owners must personally guarantee your obligations under the Franchise Agreement and agree to be bound personally by every contractual provision, whether containing monetary or non-monetary obligations, including the covenant not to compete. This “Guaranty and Assumption of Obligations” is found after the signature page to the Franchise Agreement and constitutes a separate agreement between us and those persons signing as the guarantors.

ITEM 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must (1) offer for sale all products and services that we specify from time to time, and may only use products and supplies that we have specified or approved; (2) offer and sell approved products and services only in the manner we have prescribed; (3) not offer for sale or sell at the iFLY Business, the approved Location or any other location any products or services we have not approved; and (4) discontinue selling

and offering for sale any products or services that we at any time decide (in our sole discretion) to disapprove in writing.

Our System standards may, among other things regulate (1) installation, maintenance and operational procedures and techniques for the wind tunnel that the iFLY Business may operate at full capacity, and (2) terms and conditions of the sale and delivery of, and terms and methods of payment for, the wind tunnel, and other products and services that you obtain from us and affiliated and unaffiliated suppliers.

We periodically may add, remove or change required and/or authorized products and service offerings, and we may, to the extent allowed by applicable law, regulate your minimum, maximum, or other prices for the resale of any products or services you offer at the iFLY Business. There are no limits on our right to do so.

Our System standards may regulate the days and hours during which you must open and operate the iFLY Business.

You may not advertise your Business, or offer or sell any of the products and services offered at the Business through the Internet, except with our advance written consent. We have the right to control all Internet advertising and offers and sales of System products and services made using the Internet (including reservations made by the Internet for tunnel time at your Location and the offer and sale of customer images taken at your Location).

We may sell multi-location vouchers, gift cards and gift certificates through third party retailers, and you must honor them when they are presented without limiting the products or services for which they may be used.

ITEM 17

RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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

Franchise Agreement

Provision	Section in Franchise Agreement	Summary
(a) Length of the franchise term	Section 12.1	20 years from the effective date of the Franchise Agreement
(b) Renewal or extension of the term	Section 12.2	If you satisfy the required pre-conditions to renewal, you may, at your option, renew your rights under the Franchise Agreement for one (1) additional 10-year renewal term.

Provision	Section in Franchise Agreement	Summary
(c) Requirements for franchisee to renew or extend	Section 12.2	<p>Your renewal right permits you to remain as a franchisee after the initial term of your franchise agreement expires. However, to remain a franchisee, you must meet all required conditions to renewal including signing our then-current form of franchise agreement, which may be materially different than the form attached to this disclosure document.</p> <p>Other Conditions: Written notice; upgrade the iFLY facility to current standards; no default; pay all money owed to us or our affiliates; have right to remain in possession of the premises; reimburse us for reasonable costs associated with renewing the franchise; sign a general release; and comply with our then-current qualification and training requirements.</p>
(d) Termination by franchisee	Not Applicable	Not Applicable
(e) Termination by franchisor without cause	Not Applicable	Not Applicable
(f) Termination by franchisor with cause	Sections 12.3-12.4	<p>We may terminate your franchise only if you or your owners commit one of several violations. In lieu of termination, we also reserve the right to terminate your territorial protection or modify the scope of that protection; reduce the size of the Territory (including to zero) or reconfigure the Territory; suspend, not renew or terminate your license to use the Control System Software and disable the Software, rendering the wind tunnel inoperable; disable or terminate your access to the Information Collection and Retrieval System.</p>

Provision	Section in Franchise Agreement	Summary
(g) “Cause” defined — curable defaults	Section 12.4.1-12.4.5	You have a reasonable time (not more than 30 days) to cure the manufacture, sale or distribution of unapproved products or services; 3 days to cure misuse of the Marks or any other protected intellectual property; 10 days to cure violation of the confidentiality and non- competition provisions; the time specified in the Purchase Agreement, ICRS License Agreement (or other agreement with us or our affiliates) to cure defaults under those agreements; failure to replace any terminated guarantee within 10 days of demand, 30 days (15 days for monetary defaults) to cure other material breaches not specified in (h) below.
(h) “Cause” defined —non- curable defaults	Section 12.3.1-12.3.6	Non-curable defaults include: failure to begin operation within 18 months after the wind tunnel is delivered or discontinuing operations for 90 days or more (unless there is an event of force majeure); bankruptcy, insolvency or an assignment for the benefit of creditors; knowingly operating the wind tunnel without a qualified flight instructor (with an adequate license) in the flight chamber or staging area; failing to maintain the required insurance; deviations from our standards or any governmental safety standards that, in our judgment, constitutes an immediate threat to the safety of customers, employees or the general public.
(i) Franchisee’s obligations on termination/nonrenewal	Section 12.5-12.6	Obligations include paying outstanding amounts; complete deidentification; cease operating, and returning confidential information; any sale of the wind tunnel must be to an approved buyer who signs a franchise agreement and other required documents and is subject to our right of first refusal. (also see (o) and (r) below)

Provision	Section in Franchise Agreement	Summary
(j) Assignment of contract by franchisor	Section 13.1	No restriction on our right to assign; we may assign without your approval.
(k) “Transfer” by franchisee — defined	Section 13.2	Includes transfer of Franchise Agreement, the iFLY Business, and ownership change in you.
(l) Franchisor approval of transfer by franchisee	Section 13.2	We must give our prior written consent and you must meet conditions before transferring.
(m) Conditions for franchisor approval of transfer	Sections 13.2.1-13.2.10	<p>For all transfers except those that do not effect a change in control: payments must be current; no default; you sign a general release (if law allows); new franchise owner qualifies; new owner upgrades the iFLY Business; new owner assumes your obligations, signs our current form of franchise agreement and makes required representations; you remain responsible for your pre-sale obligations; you pay transfer fee.</p> <p>For transfers that do not effect a change in control: you provide written notice and required information; buyer cannot be a competitor and must sign confidentiality and non-compete agreement.</p>
(n) Franchisor’s right of first refusal to acquire franchisee’s business	Section 13.4	Except for transfers that do not effect a change in control and upon any termination or expiration of the Franchise Agreement, we may match any offer for your iFLY Business or an ownership interest in you.
(o) Franchisor’s option to purchase franchisee’s business	Section 13.9	Franchisor shall have the option to purchase the Franchised Business on not less than 30 days' prior written notice to (i) require you to transfer the assets of the iFLY Business to us, or (ii) require your owners to sell to us their ownership units in Franchisee for a predetermined price. The predetermined price is equal to six times (6x) the trailing twelve (12) months’ EBITDA plus cash and cash equivalents (including deposits made to others and receivables owed by

Provision	Section in Franchise Agreement	Summary
		others) minus debt and debt equivalents (payables owed to others and gift cards issued and outstanding) (i.e., Purchase Price = (6x EBITDA) + (cash + cash equivalents) – (debt + debt equivalents)). Our option to purchase can be exercised in various situations, including, our (or our affiliate's) decision to file for an initial public offering, explore a private sale to a third party, or initiate the acquisition of one or more franchisees.
(p) Death or disability of franchisee	Section 13.5	Assignment of franchise or an ownership interest in you to approved party within 12 months of death or 6 months of disability; during the process, the iFLY Business must be operated under the supervision of someone we approve.
(q) Non-competition covenants during the term of the franchise	Section 9.5.1	You and your owners cannot, directly or indirectly, engage in, solicit, or assist others in soliciting or engaging in any business with, or advise, assist, consult, design, build, operate, make loans to, or become interested financially or otherwise in a Competing Business. “Competing Business” means any person or business that owns, operates, or has any interest in any business that is the same or similar to the iFLY Business, including, without limitation, any business that designs, constructs, manufactures, sells, operates, or grants franchises or licenses to others to design, construct, manufacture, sell, or operate wind tunnels for entertainment, education, sport, competition, recreation, exercise, training, or other similar purposes.

Provision	Section in Franchise Agreement	Summary
(r) Non-competition covenants after the franchise is terminated or expires	Section 9.5.2	You and your owners cannot, directly or indirectly, engage in, solicit, or assist others in soliciting or engaging in any business with, or advise, assist, consult, design, build, operate, make loans to, or become interested financially or otherwise in a Competing Business., for twenty-four (24) months.
(s) Modification of the agreement	Section 15.10	No modifications except by written agreement signed by authorized officers of both parties generally, but we may change Operations Manual and System standards.
(t) Integration/merger clause	Section 15.21	Only the terms of the Franchise Agreement (including System standards in the Operations Manual) are binding (subject to state law), except that nothing in the Franchise Agreement disclaims or requires you to waive reliance on any representations made in this Disclosure Document (including its exhibits and amendments) delivered to you or your representative. Any other promises might not be enforceable.
(u) Dispute resolution by arbitration or litigation	Section 15.6	We and you must litigate all disputes in the state or federal courts in the Western District of Texas or Travis County, Texas (subject to state law).

Provision	Section in Franchise Agreement	Summary
(v) Choice of forum	Section 15.7	<p>Litigation must be in state or federal courts in the Western District of Texas or Travis County, Texas (subject to state law).</p> <p>In addition to the provisions noted in this chart, the Franchise Agreement contains a number of provisions that may affect your legal rights, including a waiver of a right to a jury trial and waiver of punitive or exemplary damages. (Franchise Agreement – Sections 15.7 and 15.8) We recommend that you carefully review all of these provisions, and each of the contracts attached to this Disclosure Document in their entirety, with a lawyer.</p>
(w) Choice of law	Section 15.4	Except for the U.S. Trademark Act and other federal law, Texas law governs (subject to state law).

Applicable state law might require additional disclosures related to the information contained in this Item 17. These additional disclosures, if any, appear in Exhibit K.

Equipment Purchase Agreement

Provision	Section in Purchase Agreement	Summary
(a) Length of the term	Not Applicable	Not Applicable
(b) Renewal or extension of the term	Not Applicable	Not Applicable
(c) Requirements to renew or extend	Not Applicable	Not Applicable
(d) Termination by buyer	Not Applicable	Not Applicable
(e) Termination by seller without cause	Not Applicable	Not Applicable
(f) Termination by seller with cause	Sections 2.3.1 and 2.5	We may terminate due to non- payment of Deposit Fee by Deposit Due Date or Purchase Price as due.

Provision	Section in Purchase Agreement	Summary
(g) “Cause” defined — curable defaults	Not Applicable	Not Applicable
(h) “Cause” defined — non-curable defaults	Section 2.5	Non-curable defaults include failure to pay purchase price as due or if you wrongfully reject or revoke acceptance of the Equipment or breach Equipment Purchase Agreement with respect to Equipment.
(i) Buyer’s obligations on termination/nonrenewal	Section 2.5	Payment of all costs and expenses (including attorney fees and litigation expenses) due to enforcement of Equipment Purchase Agreement
(j) Assignment of contract by seller	Section 6.3.2	May assign provided assignment does not adversely affect you.
(k) “Transfer” by buyer — defined	Section 6.3.1	Assignment of all assets relevant to Equipment Purchase Agreement.
(l) Seller approval of transfer by buyer	Section 6.3.1	We must give our prior written consent and you must meet conditions before transferring.
(m) Conditions for seller approval of transfer	Section 6.3.1	Assignee executes a current iFLY franchise agreement, must have sufficient business reputation or experience, and adequate financial condition to fulfill obligations.
(n) Seller’s right of first refusal	Not Applicable	Not Applicable
(o) Seller’s option to purchase equipment	Not Applicable	Not Applicable
(p) Death or disability of buyer	Not Applicable	Not Applicable
(q) Non-competition covenants during the term	Not Applicable	Not Applicable
(r) Non-competition covenants after termination or expiration	Not Applicable	Not Applicable
(s) Modification of the agreement	Section 6.8	No modifications except by written agreement signed by or on behalf of such party or authorized officers of both parties.

Provision	Section in Purchase Agreement	Summary
(t) Integration/merger clause	Section 6.8	Only the terms of this Equipment Purchase Agreement except for any existing confidentiality or non-disclosure agreements.
(u) Dispute resolution by litigation	Section 6.5	See Franchise Agreement - We and you must litigate all disputes in the state or federal courts in the Western District of Texas or Travis County, Texas (subject to state law).
(v) Choice of forum	Section 6.5	See Franchise Agreement - Litigation must be in courts in the Western District of Texas or Travis County, Texas (subject to state law).
(w) Choice of law	Section 6.4	Texas law governs (subject to state law).

ICRS Software License Agreement

Provision	Section in License Agreement	Summary
(a) Length of the term	Section 10	Co-extensive with term of Franchise Agreement, including any renewal.
(b) Renewal or extension of the term	Section 10	Co-extensive with term of Franchise Agreement, including any renewal.
(c) Requirements to renew or extend	Not Applicable	Not Applicable
(d) Termination by licensee	Not Applicable	Not Applicable
(e) Termination by licensor without cause	Not Applicable	Not Applicable
(f) Termination by licensor with cause	Sections 8 and 11	We may terminate due to expiration or termination of Franchise Agreement, termination of our license agreement with third party, claim of software infringement or failure by you to comply with terms and conditions of Software License Agreement.
(g) "Cause" defined — curable defaults	Section 11	You have a reasonable time (not more than 30 days) to cure breach of the terms or conditions of Software license Agreement

Provision	Section in License Agreement	Summary
(h) "Cause" defined — non-curable defaults	Sections 8 and 11	Non-curable defaults include: software infringement and loss of our license agreement with third parties.
(i) Licensee's obligations on termination/nonrenewal	Section 12	Cease use of Software, deliver all copies of software to us, and delete software from computer.
(j) Assignment of contract by licensor	Not Applicable	Not Applicable
(k) "Transfer" by licensee — defined	Section 18	You may not sell, lease, assign, sublicense or transfer any rights under Software License Agreement without our prior written consent.
(l) Licensor approval of transfer by licensee	Section 18	Prior written consent.
(m) Conditions for licensor approval of transfer	Not Applicable	Not Applicable
(n) Licensor's right of first refusal	Not Applicable	Not Applicable
(o) Licensor's option to purchase	Not Applicable	Not Applicable
(p) Death or disability of licensee	Not Applicable	Not Applicable
(q) Non-competition covenants during the term	Not Applicable	Not Applicable
(r) Non-competition covenants after termination or expiration	Not Applicable	Not Applicable
(s) Modification of the agreement	Section 1 and Schedule to Software License Agreement	Schedule may be updated to include enhancements, upgrades or replacements to software.
(t) Integration/merger clause	Not Applicable	Not Applicable
(u) Dispute resolution by arbitration or mediation	Not Applicable	Not Applicable
(v) Choice of forum	Not Applicable	Not Applicable
(w) Choice of law	Section 15	Texas law governs (subject to state law)

ITEM 18

PUBLIC FIGURES

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

ITEM 19

FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC's Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets if there is a reasonable basis for the information, and 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 performance at a particular location or under particular circumstances.

ANALYSIS OF SALES FOR AFFILIATE-OWNED AND FRANCHISED TUNNELS AND OF CERTAIN COSTS AND EXPENSES FOR AFFILIATE-OWNED TUNNELS

This analysis contains sales information for Company-owned and franchised tunnels operating in the U.S. during the calendar years described below. This analysis also contains information regarding certain types of costs and expenses incurred in operating Company-owned tunnels. The tunnels included in this analysis are substantially like the tunnels that are the subject of this Disclosure Document.

BASES AND ASSUMPTIONS

The analysis is based on the average annual sales of Company-owned and franchised tunnels operating in the U.S. during each of the 2019 and 2020 calendar years. The analysis also includes operating results of the Company-owned tunnels. Company-owned tunnels are those tunnels operated by entities owned in whole or in part by one of our affiliates. For each of the annual periods presented, each of the Company-owned tunnels used a uniform accounting system and the data was prepared on a basis consistent with generally accepted accounting principles.

The data presented in this Item 19 is grouped according to three (3) revenue tiers. Tier I includes tunnels with annual revenues in excess of \$2.5 million; Tier II includes tunnels with annual revenues between \$2.5 million and \$2.0 million; and Tier III includes tunnels with annual revenues below \$2.0 million. The tunnels included in this analysis have wind tunnel Flight Chamber diameters of 10', 12' and 14'.

2019 SALES

Table 1: 2019 US Company Owned Revenue and Franchised Location Gross Sales (in \$1000s)

	Revenue Tiers ^{1,2}	Tier I (Above \$2.5M)	Tier II (\$2.5M-\$2.0M)	Tier III (Below \$2.0M)	Combined
Company Owned³	Average	3,508.0	2,219.9	1,808.1	2,937.4
	Median	3,438.7	2,168.1	1,828.9	2,708.4
	Minimum	2,514.3	2,026.5	1,736.0	1,736.0
	Maximum	4,768.3	2,480.2	1,859.5	4,768.3
	% Above Average	44%	38%	38%	48%
	% Below Average	56%	63%	63%	52%
	# of Tunnels	16	8	3	27
Franchise Owned⁴	Average	3,717.4	2,464.9	0.0	3,299.9
	Median	3,717.4	2,464.9	0.0	3,191.0
	Minimum	3,191.0	2,464.9	0.0	2,464.9
	Maximum	4,243.8	2,464.9	0.0	4,243.8
	# of Tunnels	2	1	0	3

Table 1 Notes:

(1) Revenue values are recognized and do not include sales from non-redeemed gift cards, or sales tax. Franchise-owned Gross Sales includes all locational transactions, including redeemed gift cards, but excludes non-redemptive recognition and sales tax.

(2) The amount of sales realized will be directly affected by many factors, such as the tunnel's size, geographic location, and competition in the marketplace; operational restrictions imposed by governmental authorities to address public health issues; the presence of alternative entertainment; the quality of management and service.

(3) The first part of Table 1 includes the 27 U.S. Company-owned locations that were in operation for the full calendar year 2019. Two Company-owned tunnels, Charlotte and Cincinnati, are omitted from the 2019 figures as they were under construction in 2019. Four Managed Outlets (Denver, Ft. Lauderdale, Ft. Worth, and Tampa) were excluded from the analysis due to material differences in expense and capital structures compared to Company and franchise owned locations.

(4) The second part of Table 2 includes Gross Sales data for the three (3) operational franchise outlets (Jacksonville, Oceanside, and Virginia Beach) which were in operation for the full calendar year of 2019.

Table 1 does not reflect the cost of sales, operating expenses, or other costs or expenses which must be deducted from Revenue or Gross Sales to determine net income or profit.

2019 OPERATIONAL RESULTS

Tables 2-5 contain certain expense data for 2019 incurred by the 27 Company-owned locations previously described, presented first on a combined basis and then by revenue tiers.

Table 2: 2019 US Combined Company Owned Expenses (in \$1000s)

Expense Category	Average	Median	Minimum	Maximum
Cost of Goods Sold ¹	(364.4)	(329.4)	(799.6)	(149.2)
Rent & Facility ²	(308.2)	(293.8)	(754.3)	(102.5)
SG&A ³	(928.8)	(922.8)	(1,278.4)	(681.2)
Other Operating Charges ⁴	(167.2)	(136.0)	(725.9)	(90.6)
EBITDAR Margin ⁵	48.3%	50.1%	27.2%	64.6%
EBITDA Margin ⁵	37.5%	38.1%	14.2%	58.6%
Additional Franchise Expenses Not Included in Table Above⁶				
Royalties @7%	(205.6)	(192.5)	(120.2)	(368.7)

Table 3: 2019 US Company Owned Expenses for Sixteen (16) Tier I Locations (in \$1000s)

Expense Category	Average	Median	Minimum	Maximum
Cost of Goods Sold ¹	(414.6)	(349.0)	(799.6)	(283.7)
Rent & Facility ²	(345.2)	(337.6)	(754.3)	(181.8)
SG&A ³	(1,019.0)	(976.9)	(1,278.4)	(893.1)
Other Operating Charges ⁴	(203.0)	(169.5)	(725.9)	(94.6)
EBITDAR Margin ⁵	52.3%	55.0%	27.5%	64.6%
EBITDA Margin ⁵	42.3%	46.0%	14.2%	58.6%
Additional Franchise Expenses Not Included in Table Above⁶				
Royalties @7%	(245.6)	(240.7)	(176.0)	(333.8)

Table 4: 2019 US Company Owned Expenses for Eight (8) Tier II Locations (in \$1000s)

Expense Category	Average	Median	Minimum	Maximum
Cost of Goods Sold ¹	(310.0)	(282.1)	(554.1)	(149.2)
Rent & Facility ²	(288.6)	(290.4)	(422.3)	(189.1)
SG&A ³	(810.9)	(825.2)	(916.1)	(700.0)
Other Operating Charges ⁴	(119.1)	(119.8)	(129.4)	(99.5)
EBITDAR Margin ⁵	44.0%	45.2%	27.2%	50.9%
EBITDA Margin ⁵	30.9%	29.2%	15.6%	41.7%
Additional Franchise Expenses Not Included in Table Above⁶				
Royalties @7%	(155.4)	(151.8)	(141.9)	(173.6)

Table 5: 2019 US Company Owned Expenses for Three (3) Tier III Locations (in \$1000s)

Expense Category	Average	Median	Minimum	Maximum
Cost of Goods Sold ¹	(242.0)	(227.3)	(280.4)	(218.5)
Rent & Facility ²	(163.4)	(103.4)	(284.3)	(102.4)
SG&A ³	(761.8)	(795.6)	(808.7)	(681.2)
Other Operating Charges ⁴	(105.0)	(110.5)	(113.9)	(90.6)
EBITDAR Margin ⁵	38.6%	35.9%	35.3%	44.8%
EBITDA Margin ⁵	29.6%	29.8%	29.2%	29.9%
Additional Franchise Expenses Not Included in Table Above⁶				
Royalties @7%	(126.6)	(128.0)	(121.5)	(130.2)

Table 2-5 Notes:

This analysis does not include any estimates of the United States federal income tax that would be payable on the net income or state or local net income or gross profits taxes that may be applicable to the particular jurisdiction in which the business is located. Each franchisee is strongly urged to consult with its tax adviser regarding the impact that federal, state, and local taxes will have on the amounts shown in this analysis. The amount of and expenses incurred will be directly affected by many factors, such as the tunnel’s size and geographic location; operational restrictions imposed by governmental authorities to address public health issues; the contractual relationships with lessors and vendors; the extent to which you finance the construction and operation of the business; your legal, accounting, real estate and other professional fees; federal, state and local income, gross profits or other taxes; discretionary expenditures; accounting methods used and other similar factors.

(1) The major subcategories in “Cost of Goods Sold” include electricity, merchandise, media supplies, food and catering for parties, and merchant service fees. While electricity is a significant cost driver for tunnel operation and profitability, most of the US tunnels do not experience large variations in rates. However, there are exceptions both at the state and city level. As an illustrative example, in 2019 the average electricity of all US tunnels was 9.1% of revenue with a median of 8%. However, the highest tunnels, San Diego and Ontario California, were 27% and 21% of revenue respectively.

(2) “Rent and Facilities” have significant variation between locations. A detailed assessment of potential locations should be thoroughly conducted by the franchise owner when developing project financial performance models. Subcategories within this bucket include the highly variable costs associated with rent and leases, as well as property and real estate taxes. Additionally, some states and localities have additional site fees. “Rent and Facilities” also includes variable expenses such as maintenance, repairs, and cleaning supplies.

(3) “Selling, General, and Administrative” (SG&A) includes management salaries and hourly wages for flight instructors and other tunnel staff, commissions, bonuses, payroll tax, health insurance, and payroll fees. Also contained within SG&A are the costs for travel, uniforms, and customer flight gear. The amount of hourly labor necessary to operate an iFLY Business will vary, but should scale consistently with the sales volume of the tunnel. Hourly wages may vary significantly by geographic location, the supply of and demand on the local labor pool, and state and federally mandated minimum wage laws.

(4) “Other Operating Charges” includes subcategories such as Technology (computers, phones, software, security systems), Insurance (general liability, excess liability, property), Chargebacks, Furniture/equipment, and Supplies. Technology expense and office supplies typically have low variation. Insurance requirements may vary significantly and are proportional to both revenue and property value.

(5) EBITDAR and EBITDA Margin are calculated using Company-owned tunnels and do not include additional franchise specific expenses.

(6) Because the locations whose results appear in preceding tables are Company-owned and operated, they paid no royalties. You must consider your required royalty payment (7% of Gross Sales) as part of your expected operating expenses. The annual royalty your location would have been required to pay had it achieved the average, median, minimum, and maximum Gross Sales levels reflected in the tables above is identified in the tables. While no Company brand marketing fund is presently required, franchise-operated outlets reported annual local marketing budgets between 2 and 5% of revenue. Local marketing allocations will depend on target customer segments and channel activities.

2020 SALES

In 2020, all US Company and franchise-owned locations experienced significant material impacts on civilian consumer sales due to the global pandemic. While Company and franchise-owned locations have adopted more robust cleaning and operating parameters to provide an appealing activity for safety conscious consumers, these operating changes have not reduced operational capacity of Company-owned locations. However, government mandated restrictions did have a significant impact on tunnel operational capacity and the 2020 performance results are reflected in the financial information presented below.

The revenue data in Table 6 includes all 29 US Company-owned locations as well as Gross Sales for all four (4) operational franchise-owned locations that were in operation in 2020. The total number of locations increased from 2019 due to the addition of three (3) tunnels commissioned in 2019 which saw a full year of available operation in 2020. Franchise locations in Chesterfield, Detroit, and Spring Valley are currently under construction and not included in the analysis.

The revenue data reported below is shown on both a quarterly and annual basis to provide visibility into the impact of the global pandemic.

Table 6: 2020 US Company Owned Revenue and Franchised Location Gross Sales (in \$1000s)

		Q1	Q2	Q3	Q4	Annual
Company Owned	Average	655.7	32.8	317.8	356.2	1,362.4
	Median	643.2	27.1	338.9	325.0	1,301.7
	Minimum	398.0	(3.3)	(1.1)	0.0	427.0
	Maximum	1,040.1	152.7	753.2	910.2	2,727.6
Franchise Owned	Average	512.5	276.7	616.3	611.2	2,016.7
	Median	567.4	229.1	528.0	583.7	1,908.3
	Minimum	221.8	199.9	199.9	210.3	675.7
	Maximum	693.5	1,066.9	1,209.4	1,066.9	3,574.7

2020 OPERATIONAL RESULTS

Table 7 contains expense data for all 29 Company owned tunnels available for operation for the full calendar year 2020. The tunnels experienced significant variation in restricted capacity at the state and local levels thus introducing significant variability within the expense data. Additional variation also exists due to local labor laws heavily impacting SG&A and variance in negotiations for Rent and Facility expenses.

Table 7: 2020 US Company Owned Expenses

Expense Category	Average	Median	Minimum	Maximum
Cost of Goods Sold	(195.5)	(182.3)	(511.5)	(36.1)
Rent & Facility	(288.5)	(277.9)	(675.8)	(96.1)
SG&A	(498.5)	(463.3)	(717.7)	(342.6)
Other Operating Charges	(141.2)	(132.2)	(258.4)	(64.5)
EBITDAR Margin	32.0%	40.1%	-19.1%	59.2%
EBITDA Margin	8.0%	19.9%	-94.7%	51.4%
Additional Franchise Expenses Not Included in Table Above				
Royalties @7%	(95.4)	(91.1)	(29.9)	(190.9)

Some outlets have earned this amount. Your individual results may differ. There is no assurance that you'll earn as much. If you rely upon our figures, you must accept the risk of not doing as well.

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

Other than the preceding financial performance representation, we do not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing tunnel, 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 Aly Noormohamed at 512.674.9200, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20

OUTLETS AND FRANCHISEE INFORMATION

All figures in the following tables are as of our fiscal year ends of December 27, 2020, December 29, 2019 and December 30, 2018.

Table No. 1
Systemwide Outlet Summary
For Years 2018 to 2020

Column 1 Outlet Type	Column 2 Year	Column 3 Outlets at the Start of the year	Column 4 Outlets at the End of the year	Column 5 Net Change
Franchised	2018	2	3	+1
	2019	3	4	+1
	2020	4	4	0
Company-Owned ⁽¹⁾	2018	24	27	+3
	2019	27	29	+2
	2020	29	29	0
Total Outlets ⁽²⁾	2018	26	30	+4
	2019	30	33	+3
	2020	33	33	0

Notes:

(1) As noted in Item 1, certain of our affiliates own interests in some tunnel locations. One of our affiliates holds ownership interests in the entities that own the following three locations: Hollywood (CA), SF Bay (CA) and Orlando (FL). These locations are operated under Franchise Agreements with us but because our affiliate holds a majority of the ownership interests in each entity, these locations, for purposes of Item 20, are treated as Company-Owned locations.

(2) We have four "Managed Outlets" (in Denver (CO), Ft. Lauderdale (FL), and Tampa (FL), and Ft. Worth (TX)) which are not included in the Item 20 tables due to material differences in expense and capital structures compared to Company-Owned and Franchised locations.

Table No. 2
Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For years 2018 to 2020

Column 1 State	Column 2 Year	Column 3 Number of Transfers
All States	2018	0
	2019	0
	2020	0
Total	2018	0
	2019	0
	2020 ⁽¹⁾	0

Notes:

- The principal owner of one of our franchises passed away in 2020, and the ownership of these outlets may change as the estate settles the will of such owner.

Table No. 3
Status of Franchised Outlets
For years 2018 to 2020

Col. 1 State	Col. 2 Year	Col. 3 Outlets at Start of Year	Col. 4 Outlets Opened	Col. 5 Terminations	Col. 6 Non- Renewals	Col. 7 Reacquired by Franchisor	Col. 8 Ceased Operations - Other Reasons	Col. 9 Outlets at End of the Year
California	2018	1	0	0	0	0	0	1
	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
Florida	2018	0	1	0	0	0	0	1
	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
Texas	2018	0	0	0	0	0	0	0
	2019	0	1	0	0	0	0	1
	2020	1	0	0	0	0	0	1
Virginia	2018	1	0	0	0	0	0	1
	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
Total	2018	2	1	0	0	0	0	3
	2019	3	1	0	0	0	0	4
	2020	4	0	0	0	0	0	4

Table No. 4
Status of Company-Owned Outlets
For years 2018 to 2020⁽¹⁾

Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8
State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of Year
Arizona	2018	1	0	0	0	0	1
	2019	1	0	0	0	0	1
	2020	1	0	0	0	0	1
California	2018	5	0	0	0	0	5
	2019	5	0	0	0	0	5
	2020	5	0	0	0	0	5
Florida	2018	1	0	0	0	0	1
	2019	1	0	0	0	0	1
	2020	1	0	0	0	0	1
Georgia	2018	1	0	0	0	0	1
	2019	1	0	0	0	0	1
	2020	1	0	0	0	0	1
Illinois	2018	3	0	0	0	0	3
	2019	3	0	0	0	0	3
	2020	3	0	0	0	0	3
Kansas	2018	1	0	0	0	0	1
	2019	1	0	0	0	0	1
	2020	1	0	0	0	0	1
Maryland	2018	1	1	0	0	0	2
	2019	2	0	0	0	0	2
	2020	2	0	0	0	0	2
Minnesota	2018	0	1	0	0	0	1
	2019	1	0	0	0	0	1
	2020	1	0	0	0	0	1
New Jersey	2018	0	1	0	0	0	1
	2019	1	0	0	0	0	1
	2020	1	0	0	0	0	1
New York	2018	1	0	0	0	0	1
	2019	1	0	0	0	0	1
	2020	1	0	0	0	0	1

Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8
State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of Year
North Carolina	2018	0	0	0	0	0	0
	2019	0	1	0	0	0	1
	2020	1	0	0	0	0	1
Ohio	2018	0	0	0	0	0	0
	2019	0	1	0	0	0	1
	2020	1	0	0	0	0	1
Oklahoma	2018	1	0	0	0	0	1
	2019	1	0	0	0	0	1
	2020	1	0	0	0	0	1
Oregon	2018	1	0	0	0	0	1
	2019	1	0	0	0	0	1
	2020	1	0	0	0	0	1
Pennsylvania	2018	1	0	0	0	0	1
	2019	1	0	0	0	0	1
	2020	1	0	0	0	0	1
Texas	2018	5	0	0	0	0	5
	2019	5	0	0	0	0	5
	2020	5	0	0	0	0	5
Virginia	2018	1	0	0	0	0	1
	2019	1	0	0	0	0	1
	2020	1	0	0	0	0	1
Washington	2018	1	0	0	0	0	1
	2019	1	0	0	0	0	1
	2020	1	0	0	0	0	1
Totals	2018	24	3	0	0	0	27
	2019	27	2	0	0	0	29
	2020	29	0	0	0	0	29

Notes:

(1) As noted in Item 1, certain of our affiliates own interests in some tunnel locations. One of our affiliates holds ownership interests in the entities that own the following three locations: Hollywood (CA), SF Bay (CA) and Orlando (FL). These locations are operated under Franchise Agreements with us but because our affiliate holds a majority of the ownership interests in each entity, these locations, for purposes of Item 20, are treated as Company-Owned locations.

Table No. 5
Projected Openings As Of December 27, 2020

Column 1 State	Column 2 Franchise Agreements Signed But Outlet Not Opened	Column 3 Projected Franchised Outlet Conversions In The Next Fiscal Year	Column 4 Projected New Company-Owned Outlets In the Next Fiscal Year
Michigan	1	0	0
Missouri	1	0	0
Nevada	1	0	0
TOTAL	3	0	0

The name, business address, and business telephone number of each current franchisee as of December 27, 2020 are listed on Exhibit E.

The name, city and state, and current business telephone number (or, if unknown, the last known home telephone number) of every franchisee who has had an outlet terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement or has not communicated with us within 10 weeks of the date of issuance of this disclosure document are listed on Exhibit F.

If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

As of the date of this Disclosure Document, we are not offering any existing franchised outlets we control that were previously owned by a franchisee. If we begin to offer any such franchised outlet, specific information about the outlet will be provided to you in a supplement to this Disclosure Document.

As of the date of this Disclosure Document, we have no current or former franchisees who have signed confidentiality clauses during the last 3 fiscal years restricting their ability to speak openly to you about their experience with the iFLY franchise system.

As of the date of this Disclosure Document, there are no trademark-specific franchisee organizations associated with the iFLY franchise system.

ITEM 21

FINANCIAL STATEMENTS

Attached as Exhibit A are our audited financial statements for the years ended December 27, 2020, December 29, 2019 and December 30, 2018, as well as our unaudited financial statements for the period ended February 28, 2021.

ITEM 22

CONTRACTS

Attached to this Disclosure Document are the following documents:

Exhibit B - Franchise Agreement (with attachments);

Exhibit C – Equipment Purchase Agreement;

Exhibit D – ICRS Software License Agreement

ITEM 23

RECEIPTS

Attached as the last 2 pages of this Disclosure Document are duplicate Receipts to be signed by you. Keep one for your records and return the other one to us.

EXHIBIT A
FINANCIAL STATEMENTS

IFLY FRANCHISING, LLC
FINANCIAL STATEMENTS

The Financial Statements for the period ended February 21, 2021, have been prepared without an audit. Prospective franchisees or sellers of franchises should be advised that no independent Certified Public Accountant has audited these figures or expressed an opinion with regard to their content or form.

IFLY FRANCHISING, LLC

Balance Sheet

February 21, 2021

Assets	2021
Current assets:	
Cash and cash equivalents	\$ 458,025
Receivables from franchisees, net	131,684
Prepaid expenses	—
Receivable from related parties	<u>17,107,225</u>
Total current assets	17,696,934
Intangible assets	12,679,167
Other assets	—
Total assets	<u>\$ 30,376,101</u>
Liabilities and Member's Equity	
Current liabilities:	
Accounts payable	\$ 438
Deferred revenue	1,850,903
Accrued expenses	16,154
Payable to related parties	<u>—</u>
Total current liabilities	1,867,495
Commitments and contingencies	
Member's equity	<u>28,508,606</u>
Total liabilities and member's equity	<u>\$ 30,376,101</u>

See accompanying notes to financial statements.

IFLY FRANCHISING, LLC

Statement of Income

For the two months ending February 21, 2021

	<u>2021</u>
Revenues:	
Royalty revenues	\$ 146,307
Franchise revenues	<u>20,806</u>
Revenues	<u>167,113</u>
Operating expenses:	
Cost of revenues	248
Selling and marketing	—
General and administrative	47,520
Depreciation and Amortization	141,667
Other	<u>2,591</u>
Operating expenses	<u>192,026</u>
Operating income	(24,913)
Other income (expense):	
Interest and other income, net	76,539
Other expense	<u>—</u>
Net income	<u>\$ 51,626</u>

See accompanying notes to financial statements.

IFLY FRANCHISING, LLC

Statement of Changes in Member's Equity

For the two months ending February 21, 2021

Member's equity at December 27, 2020	\$	28,456,980
Net income		51,626
Net unrealized change in foreign currency exchange rate		
Member's equity at February 21, 2020	\$	<u>28,508,606</u>

See accompanying notes to financial statements.

IFLY FRANCHISING, LLC

Statements of Cash Flows

For the two months ending February 21, 2021

	<u>2021</u>
Cash flows from operating activities:	
Net income	\$ 51,626
Adjustments to reconcile net income to cash from operating activities:	
Depreciation and amortization	141,666
Changes in operating assets and liabilities:	
Receivables from franchisees, net	(70,043)
Prepaid expenses and other assets	—
Due from (to) related parties	(253,199)
Accounts payable	438
Deferred Income	188,195
Accrued expenses	1,984
	<u>60,667</u>
Net cash provided by operating activities	
Cash flows from investing activities:	
Net cash used in investing activities	—
Cash flows from financing activities:	
Net cash used in financing activities	—
Effect of exchange rate changes on cash	
Net change in cash and cash equivalents	<u>60,667</u>
Cash and cash equivalents at beginning of year	<u>397,358</u>
Cash and cash equivalents at end of year	<u>\$ 458,025</u>

See accompanying notes to financial statements.

FINANCIAL STATEMENTS

iFLY Franchising, LLC

Fiscal Years Ended December 27, 2020 and December 29, 2019

With Report of Independent Auditors

Ernst & Young LLP



iFLY Franchising, LLC

Financial Statements

Fiscal Years Ended December 27, 2020 and December 29, 2019

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Report of Independent Auditors

The Member
iFLY Franchising, LLC

We have audited the accompanying financial statements of iFLY Franchising, LLC, which comprise the balance sheets as of December 27, 2020 and December 29, 2019, and the related statements of income, changes in member's equity, and cash flows for the fiscal years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion, the financial statements referred to above present fairly in all material respects, the financial position of iFLY Franchising, LLC as of December 27, 2020 and December 29, 2019, and the results of its operations and its cash flows for the fiscal years then ended in accordance with U.S. generally accepted accounting principles.

Ernst & Young LLP

March 31, 2021

iFLY Franchising, LLC

Balance Sheets

	December 27, 2020	December 29, 2019
Assets		
Current assets:		
Cash and cash equivalents	\$ 397,358	\$ 629,435
Receivables from franchisees, net	61,641	143,870
Receivable from related parties	16,854,026	15,592,185
Total current assets	<u>17,313,025</u>	<u>16,365,490</u>
Intangible assets	12,820,833	13,670,833
Total assets	<u><u>\$ 30,133,858</u></u>	<u><u>\$ 30,036,323</u></u>
Liabilities and member's equity		
Current liabilities:		
Accounts payable	\$ —	\$ 7,931
Deferred revenue	1,662,708	1,673,542
Accrued expenses	14,170	57,302
Total current liabilities	<u>1,676,878</u>	<u>1,738,775</u>
Member's equity	28,456,980	28,297,548
Total liabilities and member's equity	<u><u>\$ 30,133,858</u></u>	<u><u>\$ 30,036,323</u></u>

See accompanying notes to financial statements.

iFLY Franchising, LLC

Statements of Income

	Fiscal Year Ended	
	December 27, 2020	December 29, 2019
Revenues		
Royalty revenues	\$ 715,031	\$ 1,323,520
Franchise and other revenues	124,833	261,198
Revenues	<u>839,864</u>	<u>1,584,718</u>
Operating expenses		
Cost of revenues	4,290	152,440
Selling and marketing	—	8,610
General and administrative	285,118	315,424
Depreciation and amortization	850,000	850,000
Other	3,499	228,001
Operating expenses	<u>1,142,907</u>	<u>1,554,475</u>
Operating income (loss)	<u>(303,043)</u>	<u>30,243</u>
Other income		
Interest and other income, net	464,616	411,959
Other expense	(2,554)	—
Net income	<u>\$ 159,019</u>	<u>\$ 442,202</u>

See accompanying notes to financial statements.

iFLY Franchising, LLC

Statements of Changes in Member's Equity

Member's equity at December 30, 2018	\$ 28,249,096
Cumulative effect of adoption of accounting standard	(393,750)
Net income	442,202
Member's equity at December 29, 2019	<u>28,297,548</u>
Net income	159,019
Net unrealized change in foreign currency exchange rate	413
Member's equity at December 27, 2020	<u><u>\$ 28,456,980</u></u>

See accompanying notes to financial statements.

iFLY Franchising, LLC

Statements of Cash Flows

	Fiscal Year Ended	
	December 27, 2020	December 29, 2019
Operating activities		
Net income	\$ 159,019	\$ 442,202
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	850,000	850,000
Changes in operating assets and liabilities:		
Receivables from franchisees, net	82,229	129,464
Prepaid expenses	-	10,371
Due from related parties	(1,261,841)	(2,486,067)
Accounts payable	(7,931)	22
Deferred revenue	(10,834)	1,279,792
Accrued expenses	(43,132)	35,816
Net cash provided by (used in) operating activities	<u>(232,490)</u>	<u>261,600</u>
Investing activities		
Net cash used in investing activities	-	-
Financing activities		
Net cash used in financing activities	-	-
Effect of exchange rate changes on cash	413	-
Net change in cash and cash equivalents	<u>(232,077)</u>	<u>261,600</u>
Cash and cash equivalents at beginning of year	629,435	367,835
Cash and cash equivalents at end of year	<u>\$ 397,358</u>	<u>\$ 629,435</u>

See accompanying notes to financial statements.

iFLY Franchising, LLC

Notes to Financial Statements

December 27, 2020

1. The Company

iFLY Franchising, LLC (the Company) sells franchises for businesses that operate vertical wind tunnels for indoor skydiving. Located in Austin, Texas, the Company sells the franchise system for operating the wind tunnel and offering and selling products and services under the “iFLY” trade name and service mark. The Company is a wholly owned subsidiary of iFLY Holdings, LLC (the Parent).

2. Significant Accounting Policies

Basis of Presentation

The transactions included in net income in the statements of income are the same as those that would be presented in comprehensive income. Thus, the Company’s net income equates to comprehensive income.

Accounting Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles (U.S. GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash deposits, certificates of deposit, money market funds and investments in debt securities with original maturities of ninety days or less when purchased. All cash equivalents not readily available for use, including cash deposits, are classified as restricted cash and recorded in other assets on the balance sheets. As of December 27, 2020 and December 29, 2019, the Company had no restricted cash.

The Company had certain amounts deposited with financial institutions in excess of amounts insured by the financial institution, the FDIC, or local governing authorities.

iFLY Franchising, LLC

Notes to Financial Statements (continued)

2. Significant Accounting Policies (continued)

Receivables From Franchisees

Franchisee receivables are recorded at the value of the revenue earned and require payment within 15 days. Account balances over 15 days past due are considered delinquent, and management begins collection efforts at this time. Delinquent invoices are subject to late charges and interest. The Company monitors each franchisee's creditworthiness individually and recognizes allowances for estimated bad debts on accounts that are no longer estimated to be collectible. As of December 27, 2020 and December 29, 2019, the Company had reserves against accounts receivable in the amount of \$4,250 and \$0, respectively, based on their evaluation of accounts receivable.

Intangible Assets

Intangible assets consist of franchise rights amortized over 20 years. There were no impairments of intangible assets related to iFLY Franchising, LLC recorded in 2020 or 2019.

Income Taxes

Taxable income or loss of the Company is reported in the separate tax returns of the members. Therefore, no provision for income taxes has been made in these financial statements. The Company is included in the Texas margin tax filing of the Parent.

Commitments and Contingencies

Liabilities for loss contingencies arising from claims, assessments, litigation, fines, penalties, and other sources are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated. Legal costs incurred in connection with loss contingencies are expensed as incurred.

Revenue Recognition

The Company primarily generates revenue from the following three sources: (1) royalties received from franchisees typically based upon 7% of the franchise's monthly gross revenues, (2) franchise fee, and (3) software license fees. Royalties, software license fees, and franchise fees, including the upfront and nonrefundable initial fees, are recognized over the period when service obligations are fulfilled, beginning at the opening of the franchisee location. During 2020 and 2019, 23.8%

iFLY Franchising, LLC

Notes to Financial Statements (continued)

2. Significant Accounting Policies (continued)

and 38% of revenues recognized, respectively, were from related parties, as the franchisees are under common control with the Company.

Deferred Revenue

Deferred revenue consists of amounts that have been billed to or received from customers in advance of revenue recognition. The Company recognizes deferred revenue as revenue when the services are performed, and the corresponding revenue recognition criteria are met. As of December 27, 2020 and December 29, 2019, the deferred revenue balance was \$1,662,708 and \$1,673,542, respectively.

Cost of Revenues

Cost of revenues are expenses related to billable costs to franchisees, such as technology equipment, printing, and software maintenance. Personnel expenses, share-based payment expense, depreciation and amortization, and other general and administrative expenses are not allocated to cost of revenues on the accompanying statements of operations.

Selling and Marketing Costs

Selling and marketing costs are charged to expense as incurred.

Recent Accounting Pronouncement

In May 2014, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*, a new standard on revenue recognition that outlines a single comprehensive model to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance. The core principle of the revenue model is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. In doing so, companies will need to use their judgment and make estimates more extensively than under current U.S. GAAP. These judgments may include identifying performance obligations in the contract, estimating the amount of variable consideration to include in the transaction price, and allocating the transaction price to each separate performance obligation. The standard is designed to create greater comparability for financial statement users

iFLY Franchising, LLC

Notes to Financial Statements (continued)

2. Significant Accounting Policies (continued)

across industries and jurisdictions and also requires enhanced disclosures. On December 30, 2018, the first day of fiscal year 2019, the Company adopted Topic 606, which changed the timing of recognition of initial royalty, franchise, and software license fees. Using the modified retrospective method, the Company applied the guidance retrospectively, which only applies to those contracts which were not completed as of December 30, 2018, and recognized the cumulative effect of initially applying the Standard as an adjustment to the opening balance of retained earnings of \$(393,750) as of December 30, 2018.

In June 2016, the Financial Accounting Standards Board issued ASU No. 2016-13, *Financial Instruments – Credit Losses (Topic 326)* and subsequently issued updates to the standard to provide additional clarification on specific topics. This guidance changes how entities will measure credit losses for most financial assets and certain other instruments that aren't measured at fair value through net income. The standard will replace today's "incurred loss" approach with an "expected loss" model for instruments measured at amortized cost, including trade accounts receivable. ASU 2016-13 is effective for annual reporting periods beginning after December 15, 2022. The Company is currently evaluating the impact this standard will have on its financial statements and related disclosures.

3. Concentrations

A substantial amount of the Company's revenue is generated from a limited number of related party customers using the iFLY brand. Financial instruments that potentially subject the Company to credit risk consist of cash, receivables from third party franchisees, and receivables from related parties. The Company places its cash with a limited number of high-quality financial institutions and may exceed the amount of insurance provided on such deposits. Management believes no significant risk exists with respect to cash and cash equivalents. As of and for the fiscal years ended December 27, 2020 and December 29, 2019, four franchisees receivables comprised 95.7% and 93.2% of the total revenue receivables from franchisees and four franchisees accounted for 78.7% and 63.8%, respectively, of the Company's revenues.

4. Related-Party Transactions

The Company receives administrative services from a commonly controlled entity, SkyVenture Management, LLC, including accounting, human resources, and marketing. During the fiscal years ended December 27, 2020 and December 29, 2019, the Company purchased administrative services totaling \$285,118 and \$315,424, respectively.

iFLY Franchising, LLC

Notes to Financial Statements (continued)

4. Related-Party Transactions (continued)

The Company had receivables due from related parties of \$16,854,026 as of December 27, 2020, and \$15,592,185 as of December 29, 2019. The Company assesses 3% interest on receivables due from related parties. For the fiscal years ended December 27, 2020 and December 29, 2019, the Company recognized \$461,517 and \$412,040, respectively, of interest income related to these receivables.

During the fiscal years ended December 27, 2020 and December 29, 2019, \$200,098 and \$603,358, respectively, of the Company's total revenue was from entities under common ownership. Included in the 2020 and 2019 accounts receivable balance is \$2,679 and \$52,092, respectively, of receivables related to related party franchisees.

5. Intangible Assets

				December 27, 2020			
		Amortization Period	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount		
Franchise rights	20 years	\$	17,000,000	\$ (4,179,167)	\$ 12,820,833		
				December 29, 2019			
		Amortization Period	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount		
Franchise rights	20 years	\$	17,000,000	\$ (3,329,167)	\$ 13,670,833		

Amortization expense for intangible assets was \$850,000 for the fiscal years ended December 27, 2020 and December 29, 2019. Estimated amortization expense for the next five years and thereafter is \$4,250,000 from 2021 through 2025 and \$8,570,833 thereafter.

6. Subsequent Events

The Company has evaluated subsequent events through March 31, 2021, and no events have occurred from the balance sheet date through that date that would impact the financial statements.

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FINANCIAL STATEMENTS

iFLY Franchising, LLC
Fiscal Years Ended December 29, 2019 and December 30, 2018
With Report of Independent Auditors

Ernst & Young LLP



iFLY Franchising, LLC

Financial Statements

Fiscal Years Ended December 29, 2019 and December 30, 2018

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Report of Independent Auditors

The Member
iFLY Franchising, LLC

We have audited the accompanying financial statements of iFLY Franchising, LLC, which comprise the balance sheets as of December 29, 2019 and December 30, 2018, and the related statements of income, changes in member's equity, and cash flows for the fiscal years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Change in Accounting Principle

As discussed in Note 2 to the financial statements, the Company has changed its method of accounting for revenue from contracts with customers in fiscal year 2019 due to the adoption of the new revenue standard. The Company adopted the new revenue standard using the modified retrospective approach.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used



and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly in all material respects, the financial position of iFLY Franchising, LLC as of December 29, 2019 and December 30, 2018, and the results of its operations and its cash flows for the fiscal years then ended in accordance with U.S. generally accepted accounting principles.

Ernst + Young LLP

March 31, 2020

iFLY Franchising, LLC

Balance Sheets

	<u>December 29, 2019</u>	<u>December 30, 2018</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 629,435	\$ 367,835
Receivables from franchisees, net	143,870	273,334
Prepaid expenses	—	10,371
Receivable from related parties	15,592,185	13,106,118
Total current assets	<u>16,365,490</u>	<u>13,757,658</u>
Intangible assets	13,670,833	14,520,833
Total assets	<u>\$ 30,036,323</u>	<u>\$ 28,278,491</u>
Liabilities and member's equity		
Current liabilities:		
Accounts payable	\$ 7,931	\$ 7,909
Deferred revenue	1,673,542	—
Accrued expenses	57,302	21,486
Total current liabilities	<u>1,738,775</u>	<u>29,486</u>
Commitments and contingencies		
Member's equity	<u>28,297,548</u>	<u>28,249,096</u>
Total liabilities and member's equity	<u>\$ 30,036,323</u>	<u>\$ 28,278,491</u>

See accompanying notes to financial statements.

iFLY Franchising, LLC

Statements of Income

	Fiscal Year Ended	
	December 29, 2019	December 30, 2018
Revenues		
Royalty revenues	\$ 1,323,520	\$ 1,108,580
Franchise and other revenues	261,198	293,610
Revenues	<u>1,584,718</u>	<u>1,402,190</u>
Operating expenses		
Cost of revenues	152,440	128,874
Selling and marketing	8,610	767,996
General and administrative	315,424	128,843
Depreciation and amortization	850,000	851,454
Other	228,001	103,028
Operating expenses	<u>1,554,475</u>	<u>1,980,195</u>
Operating income (loss)	30,243	(578,005)
Other income		
Interest and other income, net	411,959	383,591
Net income (loss)	<u>\$ 442,202</u>	<u>\$ (194,414)</u>

See accompanying notes to financial statements.

iFLY Franchising, LLC

Statements of Changes in Member's Equity

Member's equity at December 31, 2017	\$ 11,466,892
Contribution	16,976,618
Net loss	(194,414)
Member's equity at December 30, 2018	<u>28,249,096</u>
Cumulative effect of adoption of accounting standard	(393,750)
Net income	442,202
Member's equity at December 29, 2019	<u>\$ 28,297,548</u>

See accompanying notes to financial statements.

iFLY Franchising, LLC
Statements of Cash Flows

	Fiscal Year Ended	
	December 29, 2019	December 30, 2018
Operating activities		
Net income (loss)	\$ 442,202	\$ (194,414)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation and amortization	850,000	851,453
Changes in operating assets and liabilities:		
Receivables from franchisees, net	129,464	(138,535)
Prepaid expenses	10,371	178,858
Due from related parties	(2,486,067)	(1,023,238)
Accounts payable	22	4,606
Deferred revenue	1,279,792	-
Accrued expenses	35,816	(6,894)
Net cash provided by (used in) operating activities	261,600	(328,164)
Investing activities		
Net cash used in investing activities	-	-
Financing activities		
Net cash used in financing activities	-	-
Net change in cash and cash equivalents	261,600	(328,164)
Cash and cash equivalents at beginning of year	367,835	695,998
Cash and cash equivalents at end of year	\$ 629,435	\$ 367,835

See accompanying notes to financial statements.

iFLY Franchising, LLC

Notes to Financial Statements

December 29, 2019

1. The Company

iFLY Franchising, LLC (the Company) sells franchises for businesses that operate vertical wind tunnels for indoor skydiving. Located in Austin, Texas, the Company sells the franchise system for operating the wind tunnel and offering and selling products and services under the “iFLY” trade name and service mark. The Company is a wholly owned subsidiary of iFLY Holdings, LLC (the Parent).

2. Significant Accounting Policies

Basis of Presentation

The transactions included in net income in the statements of income are the same as those that would be presented in comprehensive income. Thus, the Company’s net income equates to comprehensive income.

Accounting Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles (U.S. GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash deposits, certificates of deposit, money market funds and investments in debt securities with original maturities of ninety days or less when purchased. All cash equivalents not readily available for use, including cash deposits, are classified as restricted cash and recorded in other assets on the balance sheets. As of December 29, 2019 and December 30, 2018, the Company had no restricted cash.

The Company had certain amounts deposited with financial institutions in excess of amounts insured by the financial institution, the FDIC or local governing authorities.

iFLY Franchising, LLC

Notes to Financial Statements (continued)

2. Significant Accounting Policies (continued)

Receivables From Franchisees

Franchisee receivables are recorded at the value of the revenue earned and require payment within 15 days. Account balances over 15 days past due are considered delinquent and management begins collection efforts at this time. Delinquent invoices are subject to late charges and interest. The Company monitors each franchisee's creditworthiness individually and recognizes allowances for estimated bad debts on accounts that are no longer estimated to be collectible. As of December 29, 2019 and December 30, 2018, the Company had no reserves against accounts receivable and, based on its evaluation of accounts receivable, management determined no additional allowance was necessary.

Intangible Assets

Intangible assets consist of franchise rights amortized over 20 years. There were no impairments of intangible assets recorded in 2019 or 2018.

Income Taxes

Taxable income or loss of the Company is reported in the separate tax returns of the members. Therefore, no provision for income taxes has been made in these financial statements. The Company is included in the Texas margin tax filing of the Parent.

Commitments and Contingencies

Liabilities for loss contingencies arising from claims, assessments, litigation, fines, penalties and other sources are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated. Legal costs incurred in connection with loss contingencies are expensed as incurred.

Revenue Recognition

The Company primarily generates revenue from the following three sources: (1) royalties received from franchisees typically based upon 7% of the franchise's monthly gross revenues, (2) franchise fee, and (3) software license fees. Royalties, software license fees and franchise fees, including the upfront and nonrefundable initial fees, are recognized over the period when service obligations are fulfilled, beginning at the opening of the franchisee location. During 2019 and 2018, 38% and

iFLY Franchising, LLC

Notes to Financial Statements (continued)

2. Significant Accounting Policies (continued)

46% of revenues recognized, respectively, were from related parties, as the franchisees are under common control with the Company.

Deferred Revenue

Deferred revenue consists of amounts that have been billed to or received from customers in advance of revenue recognition. The Company recognizes deferred revenue as revenue when the services are performed, and the corresponding revenue recognition criteria are met. As of December 29, 2019, the deferred revenue balance of \$1,673,542 included an adjustment of \$393,750 in connection with the cumulative-effect adjustment recorded into the opening balance of retained earnings when Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*, was adopted effective December 31, 2018.

Cost of Revenues

Cost of revenues are expenses related to billable costs to franchisees, such as technology equipment, printing and software maintenance. Personnel expenses, share-based payment expense, depreciation and amortization, and other general and administrative expenses are not allocated to cost of revenues on the accompanying statements of operations.

Selling and Marketing Costs

Selling and marketing costs are charged to expense as incurred.

Recent Accounting Pronouncement

In May 2014, the Financial Accounting Standards Board issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, a new standard on revenue recognition that outlines a single comprehensive model to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance. The core principle of the revenue model is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. In doing so, companies will need to use their judgment and make estimates more extensively than under current U.S. GAAP. These judgments may include identifying performance obligations in the contract, estimating the amount of variable consideration to include in the transaction price, and allocating

iFLY Franchising, LLC

Notes to Financial Statements (continued)

2. Significant Accounting Policies (continued)

the transaction price to each separate performance obligation. The standard is designed to create greater comparability for financial statement users across industries and jurisdictions and also requires enhanced disclosures. This guidance is effective for fiscal years, and interim periods within those years, beginning after December 15, 2018 for private companies, with early application permitted only as of annual reporting periods beginning after December 15, 2016. On December 30, 2018, first day of fiscal year 2019, the Company adopted Topic 606 which changed the timing of recognition of initial royalty, franchise, and software license fees. Using the modified retrospective method, the Company applied the guidance retrospectively which only applies to those contracts which were not completed as of December 30, 2018, and recognized the cumulative effect of initially applying the Standard as an adjustment to the opening balance of retained earnings of (\$393,750) as of December 30, 2018. The comparative information has not been restated and continues to be reported under the accounting standards in effect for those periods.

3. Concentrations

A substantial amount of the Company's revenue is generated from a limited number of related party customers using the iFLY brand. Financial instruments that potentially subject the Company to credit risk consist of cash and receivables from franchisees. The Company places its cash with a limited number of high quality financial institutions and may exceed the amount of insurance provided on such deposits. Management believes no significant risk exists with respect to cash and cash equivalents. As of and for the fiscal years ended December 29, 2019 and December 30, 2018, four franchisees receivables comprised 93.2% and 94.5% of the total receivables from franchisees and four franchisees accounted for 63.8% and 70.2%, respectively of the Company's revenues.

4. Related-Party Transactions

The Company receives administrative services from a commonly controlled entity, SkyVenture Management, LLC, including accounting, human resources and marketing. During the fiscal years ended December 29, 2019 and December 30, 2018, the Company purchased administrative services totaling \$315,424 and \$128,843, respectively.

The Company had receivables due from related parties of \$15,592,185 as of December 29, 2019 and \$13,106,118 as of December 30, 2018. The Company assesses 3% interest on receivables due from related parties. For the fiscal years ended December 29, 2019 and December 30, 2018, the Company recognized \$412,040 and \$383,938, respectively, of interest income related to these receivables.

iFLY Franchising, LLC

Notes to Financial Statements (continued)

4. Related-Party Transactions (continued)

During the fiscal years ended December 29, 2019 and December 30, 2018, \$603,358 and \$639,105, respectively, of the Company's total revenue was from entities under common ownership. Included in the 2019 and 2018 accounts receivable balance is \$52,092 and \$41,076, respectively, of receivables related to related party franchisees.

5. Intangible Assets

		December 29, 2019		
Amortization Period		Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
20 years	\$	17,000,000	\$ (3,329,167)	\$ 13,670,833
		December 30, 2018		
Amortization Period		Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
20 years	\$	17,000,000	\$ (2,479,167)	\$ 14,520,833

Amortization expense for intangible assets was \$850,000 for the fiscal years ended December 29, 2019 and December 30, 2018. Estimated amortization expense for the next five years and thereafter is \$4,250,000 in 2020 through 2024 and \$9,420,833 thereafter.

iFLY Franchising, LLC

Notes to Financial Statements (continued)

6. Subsequent Events

On January 31, 2020 iFLY Holdings entered into a forbearance agreement with its lenders covering the period to June 15, 2020. The intention of the lenders and company's equity owners is to sell the company through this period. Additionally, the recent Coronavirus pandemic has resulted in the temporary closure of all iFLY locations which depending on the duration and severity may result in significant losses to the company.

The Company has evaluated subsequent events through March 27, 2020, and no events have occurred from the balance sheet date through that date that would impact the financial statements.

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EXHIBIT B
FRANCHISE AGREEMENT

iFLY® FRANCHISE AGREEMENT

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EXHIBITS

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- Exhibit B: Electronic Transfer Information
- Exhibit C: Statement of Gross Sales
- Exhibit D: OWNERS
- Exhibit D-1: OWNERS AGREEMENT
- Exhibit E: Employee Confidentiality Agreement and Non-Compete Agreement

IFLY® FRANCHISE AGREEMENT

THIS AGREEMENT (the "Agreement") is made and entered into between **IFLY FRANCHISING LLC**, having an address of 13265 US-183 A, Austin, Texas, 78750 (hereinafter called "FRANCHISOR") and _____, a _____ company having an address of _____ (hereinafter called "FRANCHISEE").

RECITALS

WHEREAS, FRANCHISOR's AFFILIATE, SKYVENTURE, LLC ("Seller"), manufactures and sells vertical wind tunnels (the "EQUIPMENT," as further defined in Article 1); and

WHEREAS, FRANCHISOR has the right to use and license certain CONTROL SYSTEM SOFTWARE to purchasers of the EQUIPMENT, as well as a business system for the operation of the EQUIPMENT for entertainment, educational, training and similar purposes, including the offer and sale of PRODUCTS and SERVICES (the "SYSTEM," as further defined in Article 1); and

WHEREAS, FRANCHISOR identifies the operation of the EQUIPMENT under the SYSTEM by certain trade names, service marks, trademarks, emblems and indicia of origin, including the mark "iFLY," and such other trade names, service marks, trademarks, logos and commercial symbols as hereafter may be designated by FRANCHISOR in writing for use in connection with the SYSTEM (the "TRADEMARKS," as further defined below in Article 1); and

WHEREAS, contemporaneously with the execution of this Agreement, FRANCHISEE (as "Buyer") and Seller have entered into a PURCHASE AGREEMENT for the acquisition by FRANCHISEE of certain EQUIPMENT; and

WHEREAS, FRANCHISEE desires to acquire and FRANCHISOR desires to grant to FRANCHISEE a license to operate the EQUIPMENT and to offer and sell the PRODUCTS and SERVICES using the SYSTEM and TRADEMARKS under the terms and conditions of, and in accordance with, this Agreement.

NOW THEREFORE, in consideration of the covenants herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

ARTICLE 1

1. DEFINITIONS. In addition to other terms defined throughout this Agreement, certain frequently used terms are defined in this Article 1.

"AFFILIATES" means any natural person or business entity that directly or indirectly controls or is controlled by or is under common control with FRANCHISOR or FRANCHISEE, as applicable, or with respect only to FRANCHISEE, any natural person or business entity that holds ten percent (10%) or more of the equity of FRANCHISEE.

"AGREED INTEREST RATE" means four percent (4%) above the annualized rate of interest publicly announced from time to time by Bank of America, New York (or such other bank as FRANCHISOR may from time to time specify), as its "reference rate" or its "prime rate" unless such rate exceeds the maximum lawful rate under usury or similar laws in which case it shall be deemed to mean such maximum lawful rate.

“ATTRACTION” means the business conducted pursuant to this Agreement of operating the EQUIPMENT and offering and selling PRODUCTS and SERVICES at and from the LOCATION using the SYSTEM and the TRADEMARKS. The ATTRACTION also may be referred to in this Agreement as the “Franchised Business”.

“CONFIDENTIAL INFORMATION” means any information marked as confidential by FRANCHISOR and all KNOW-HOW (whether or not marked confidential). CONFIDENTIAL INFORMATION shall also include all information subject to any Non-Disclosure Agreement entered into by FRANCHISOR and FRANCHISEE (or FRANCHISEE’s AFFILIATES or representatives). CONFIDENTIAL INFORMATION shall not include information that is generally known by the public or that is otherwise in the public domain (so long as such information did not become public by violation of this Agreement or the Non-Disclosure Agreement).

“CHANGE IN CONTROL” means the transfer of an interest in the Franchise Agreement, or in the ATTRACTION (including, without limitation, the EQUIPMENT), or any transfer of ownership interests in FRANCHISEE which results in the loss by the original OWNER(S) of the direct or indirect power to direct the management and policies of the FRANCHISEE, including those relating to the payment of financial obligations, whether through the ownership of voting securities or interests by contract, or otherwise, each as reasonably determined by FRANCHISOR.

“COMPETING BUSINESS” means any person or business that owns, operates, or has any financial or beneficial interest in (including as landlord) any business that is the same or similar to FRANCHISOR’s businesses, including, without limitation, any business that designs, constructs, manufactures, sells, operates, or grants franchises or licenses to others to design, construct, manufacture, sell, or operate wind tunnels for entertainment, education, sport, competition, recreation, exercise, training, or other similar purposes anywhere in the world.

“CONTROL SYSTEM SOFTWARE” means the operating software for the EQUIPMENT.

“CONTROL SYSTEM SOFTWARE LICENSE” means the month to month license granted pursuant to this Agreement to use the CONTROL SYSTEM SOFTWARE to operate the EQUIPMENT in compliance with the SYSTEM and in accordance with the terms of this Agreement. The Control System Software License is automatically renewed each month during the Term of the Franchise Agreement as long as Franchisee remains in compliance with its royalty payment and other obligations.

“EQUIPMENT” means a vertical wind tunnel designed to simulate skydiving and bodyflight and sold by Seller to FRANCHISEE under the PURCHASE AGREEMENT, including any and all machinery, structures, components, apparatus and/or parts relating thereto.

“FRANCHISE DISCLOSURE DOCUMENT” means any franchise disclosure document required by the Federal Trade Commission’s Franchise Trade Regulation Rule (16 C.F.R. Part 436) and applicable state laws.

“GROSS SALES” means the gross selling price of all PRODUCTS and SERVICES, commissions, and any other revenue generated from the EQUIPMENT (including, but not limited to, individual flight sales, group flight sales, instruction, coaching, competition fees, spectator fees, advertising and sponsorship income, broadcast revenue, video recordings, DVD recordings and still photographic filming by third parties for commercial purposes, and retail merchandise) whether for cash, credit or barter, whether the sale is made at the LOCATION or elsewhere, and whether the sale or reservation is made by FRANCHISEE or any other party, excluding only the selling price of PRODUCTS sold to but returned by customers for a full refund and sales taxes or gross receipts taxes now or hereafter imposed upon the sale of PRODUCTS or SERVICES if collected separately from the selling price of PRODUCTS or SERVICES. For purposes of GROSS SALES, the accounting for pre-sold tickets,

coupons, gift certificates, gift cards and vouchers (collectively, “Pre-sales”) and for PRODUCTS and/or SERVICES exchanged for such Pre-sales will be handled as follows, unless otherwise approved in writing by FRANCHISOR: the selling price of any Pre-sales, whether sold by FRANCHISEE or any other person or entity acting on its behalf and whether sold at or from the LOCATION or elsewhere, shall be included in GROSS SALES but the redemption of said Pre-sales shall be excluded from GROSS SALES.

“**GUARANTEE**” means the Guarantee and Assumption Agreement in the form attached to this Agreement.

“**INFORMATION COLLECTION AND RETRIEVAL SYSTEM**” means the iFLY Integrated Information System IIS or any successor system(s) specified in the MANUALS or otherwise by FRANCHISOR in writing, which may include, without limitation, a point of sale cash collection system (the “POS System”), automated DVD and video upload system, automated photo capture, printing and archiving system, accounting system, timekeeping, backup, video surveillance, telephone and other such systems, as modified, adapted, enhanced or discontinued (in whole or in part) from time to time by FRANCHISOR.

“**KNOW-HOW**” means and includes any and all inventions, developments, formulas, processes, improvements, discoveries, technical information relating to the EQUIPMENT or SYSTEM (including but not limited to inventions, developments, formulas, processes, improvements, discoveries, technical data, drawings, renderings, models, trade secrets, performance data, software, specifications, production techniques, the MANUALS, marketing materials or the like) which FRANCHISOR authorizes for use in connection with the SYSTEM, whether developed before or during the TERM of this Agreement; provided, that KNOW-HOW shall specifically exclude any software developed by FRANCHISEE at its sole expense and without material assistance from FRANCHISOR. KNOW HOW shall also include, but is not limited to: guidance on how to price, package, and market the indoor skydiving experience; maintenance checklists; information provided at project workshops; commissioning protocols; VWT manuals and installation support manuals; training videos and other videos related to the education program; processes and instructions for processing waivers for classes visiting the facility; sales related information, techniques and documents, including those related to increasing sales and to conveying the benefits of various features; flight manifest logs; group sales contracts and booking forms; education curriculum for students visiting the facility; guidance on staffing and rotations, including allocation of time to instructors during rotations; materials provided at Franchisor conferences attended by franchisee and/or licensee representatives; suggested management structures; guidance and criteria for choosing a site; guidance and instructions on dealing with permitting authorities, health and safety officials, landlords, insurers and banks; advice and guidance on how to select, brief and engage with construction firms, architects and engineers; guidance related to staff and employee issues (including but not limited to how to recruit, train, schedule, compensate and manage employees, what levels of instructors to hire, desirable qualities for staff and instructors, how to staff tunnels at various times depending on demand and other factors); guidance on how to layout the building, both internally and externally, to allow for best customer flow, including the layout and features of the tunnel area, gear up, control booth, and surround area; guidance on how to mix the different types of customers; how to train first time customers; guidance on best practices for presenting indoor skydiving to the market and related marketing guidance; process for use of wristbands to track customers; guidance on the design and use of the control booth computer and related features; guidance on the electronic waiver system, including suggested waiver language and how to track waivers; guidance on best processes for customer bookings and how to manage customer bookings; or any other practical knowledge of how to operate an indoor skydiving facility.

“LOCATION” means the address of the LOCATION as set forth on Exhibit A.

“LONG-TERM RENOVATIONS” means upgrades, refurbishments and renovations which constitute capital improvements (including, without limitation, mechanical and interior and exterior structural changes), as well as the required replacement of all or a significant portion of the EQUIPMENT.

“MANAGING OWNER” means one of FRANCHISEE’s OWNERS who is approved by FRANCHISOR and empowered by FRANCHISEE with full authority and responsibility to supervise the operation of the ATTRACTION.

“MANUAL(S)” means the various books, pamphlets, charts, bulletins, video presentations and similar communications (whether in traditional printed, electronic or online format) intended to instruct others in the proper use of the SYSTEM, as revised from time to time at FRANCHISOR’S sole discretion. MANUALS include but are not limited to, the iFLY Franchise Manual, the iFLY Manual of Operation, the iFLY Brand Use Guidelines, the iFLY Management Training Manual, the EQUIPMENT Maintenance Manual, and all training materials promulgated by the International Bodyflight Association.

“OPENING DATE” means the date the ATTRACTION is opened to the general public.

“OWNERS” means all holders of a direct or indirect ownership interest in FRANCHISEE. FRANCHISEE’s OWNERS are listed in Exhibit D to this Agreement. Those OWNERS designated by FRANCHISOR shall execute the GUARANTEE attached to this Agreement. FRANCHISEE agrees to update Exhibit D in the event that its ownership change as allowed under this Agreement.

“PRODUCTS” means any article that is used, sold or otherwise commercialized at or from the LOCATION (whether or not it bears the TRADEMARKS). Products include, but are not limited to, clothing, merchandise, memorabilia, toys, photographic images, video recordings, food, beverage, snacks, tobacco, and coin operated games and devices.

“PURCHASE AGREEMENT” means the Purchase Agreement of even date herewith pursuant to which FRANCHISEE (as Buyer) has purchased the EQUIPMENT from Seller.

“QUALIFIED FLIGHT INSTRUCTOR” means a person who has been certified by FRANCHISOR or its authorized designee as having completed all initial and any continuing flight instructor training as required by the safety and training rules (which may change from time to time, without notice and at the sole discretion of FRANCHISOR) promulgated by FRANCHISOR or an organization authorized by FRANCHISOR. Instructors can be licensed to perform some functions but not others. An Instructor is only a QUALIFIED FLIGHT INSTRUCTOR when performing those functions for which they are licensed.

“SERVICES” means any provision, use, hire, trade or other commercialization of the EQUIPMENT or the SYSTEM, including but not limited to flight sales, on-site instruction, on-site coaching, competition organizing, the sport of bodyflight, gamification, virtual reality, sports, games, competitions, leagues, permitting viewing or spectating for a fee, provision of meeting spaces or catering, broadcasting rights, and any advertising or sponsorship arrangements.

“SHORT-TERM RENOVATIONS” means upgrades, refurbishments and renovations to repair and/or replace, as required, outdated components of the EQUIPMENT, damaged or deteriorated paint, carpet, awnings, landscaping, merchandising displays, and similar items.

“**SYSTEM**” means the business system for operating EQUIPMENT and offering and selling PRODUCTS and SERVICES under the TRADEMARKS for entertainment, educational, training and similar purposes, including, without limitation, the installation, maintenance and operation of the EQUIPMENT; design and appearance of the ATTRACTION; layout of the location; items of trade dress; PRODUCT and SERVICE offerings; standard operating and administrative procedures; management and training programs; and marketing and public relations programs; all as the same may exist today or as they may be changed, improved, further developed or discontinued from time to time, as specified in the MANUALS or as otherwise directed by FRANCHISOR from time to time.

“**TENDER OF THE EQUIPMENT**” or “**TENDER**” means delivery of the EQUIPMENT to FRANCHISEE (as “Buyer”) at the time and in the manner set forth in the PURCHASE AGREEMENT.

“**TERM**” shall have the meaning given to it in Section 12.1, below.

“**TERRITORY**” means the geographic area described on Exhibit A to this Agreement.

“**TRADEMARKS**” means the service mark “iFLY”, the iFLY flyer or “flying man” logo, any combination thereof, and all substitute and future trade names, trademarks, service marks, logos and commercial symbols as FRANCHISOR may from time to time authorize or direct in writing for use in connection with the SYSTEM. The term “TRADEMARKS” does not include the trademark “SKYVENTURE”.

ARTICLE 2

2. GRANT.

2.1. Grant of License. Subject to the terms and conditions of this Agreement, FRANCHISOR hereby grants to FRANCHISEE, a non-exclusive, non-assignable, non-transferable (except as specifically provided pursuant to Article 13 below), non-sublicensable right, and FRANCHISEE accepts the obligation, to operate the EQUIPMENT at the LOCATION and to offer and sell the PRODUCTS and SERVICES using the SYSTEM and the TRADEMARKS in accordance with the terms of this Agreement. This license includes the CONTROL SYSTEM SOFTWARE LICENSE.

2.2. Territorial Production; Reserved Rights. During the TERM of this Agreement, and provided that FRANCHISEE remains in compliance with its obligations hereunder, FRANCHISOR and Seller shall not install or operate, or grant any person or entity other than FRANCHISEE the right to install or operate another vertical wind tunnel identified with the iFLY TRADEMARK within the TERRITORY. FRANCHISOR and its AFFILIATES expressly reserve all rights not granted hereunder, including, without limitation, the right:

2.2.1. to promote and advertise anywhere in the world including in the TERRITORY the EQUIPMENT and the business of designing, fabricating and selling vertical wind tunnel equipment and to advertise, offer and sell all PRODUCTS AND SERVICES identified with the SYSTEM through the Internet;

2.2.2. to offer, sell, develop, promote, construct, own, lease, acquire and/or operate the EQUIPMENT, PRODUCTS and SERVICES and grant franchises or licenses therefor under the TRADEMARKS or under other trademarks anywhere in the world outside the TERRITORY, including locations adjacent, adjoining or proximate to the TERRITORY; and

2.2.3. to develop promote, construct, own, lease, acquire and/or operate (alone or in consultation with others), and to license or sell to others to operate within and outside the TERRITORY, derivatives of and variations on the EQUIPMENT, as well as other applications using some or all of the technology used in the EQUIPMENT.

2.3. Relocation. FRANCHISEE may, subject to the terms of this Agreement, advertise and promote the ATTRACTION and take customer orders for PRODUCTS and SERVICES within and outside the TERRITORY. However, FRANCHISEE agrees not to directly or indirectly install or operate, or to allow or authorize any other individual or entity, directly or indirectly, to install or operate, the EQUIPMENT at any location within or outside the TERRITORY other than the LOCATION approved by FRANCHISOR in advance and in writing and identified on Exhibit A. FRANCHISEE shall not relocate the EQUIPMENT without FRANCHISOR's prior written consent.

ARTICLE 3

3. EQUIPMENT INSTALLATION AND OPENING.

3.1. Location. FRANCHISEE shall be responsible for obtaining, at its sole cost and expense, a proposed location for the ATTRACTION within the SELECTION AREA not later than the date for TENDER. The location shall be subject to FRANCHISOR's written consent (which consent may be evidenced by FRANCHISOR'S email acceptance of FRANCHISEE's proposed location). Upon such consent, the location shall be entered on Exhibit A to this Agreement as the approved LOCATION.

3.2. Permitting. FRANCHISEE also shall be responsible for obtaining, at its sole cost and expense, all necessary or required land use permits, zoning approvals and/or variances and the like (hereinafter referred to collectively as "Land Use Planning Approvals"), as well as all necessary or required building permits, safety permits, inspections and certifications required by any city, county, state or federal governmental agency or authority with power to oversee and/or approve the installation and use of the EQUIPMENT and/or the offer and sale of all PRODUCTS and/or SERVICES (collectively the "Other Approvals"). FRANCHISOR hereby undertakes and agrees to provide FRANCHISEE with any and all drawings, plans, designs or other technical information necessary or required to obtain the Land Use Planning Approvals and Other Approvals, provided said information is related to the EQUIPMENT and is within FRANCHISOR's possession or control. FRANCHISEE agrees to promptly make application for and diligently pursue such Land Use Planning Approvals and Other Approvals. From time to time FRANCHISOR will, in its discretion, provide limited support and assistance in the above-mentioned efforts.

3.3. Installation. FRANCHISEE shall, at its expense, design and construct a building, or design and finish out an existing space, to house the EQUIPMENT, install the EQUIPMENT, and layout the LOCATION in accordance with FRANCHISOR's standards and specifications. FRANCHISOR shall provide FRANCHISEE with copies of FRANCHISOR's specifications (if any) for the design of the building to house the EQUIPMENT. Prior to submitting final drawings to local government authorities for land use planning approval, FRANCHISEE shall provide to FRANCHISOR in electronic form a set of concept drawings and renderings showing the proposed building design in the surrounding environment as well as the size and allocation of interior spaces for the operation of the ATTRACTION. These shall include, at a minimum, front, side and back elevations (in color) and a plan view of each occupied floor of the building with approximate dimensions for each space. Prior to application for a building or other required permit and prior to the commencement of any construction, FRANCHISEE shall provide to FRANCHISOR in electronic form for its review and approval, the full stamped set of construction drawing for the building or other space and ATTRACTION which shall include all civil, foundation, structural, architectural, mechanical, electrical, plumbing, roof, parking and/or landscape drawings for the ATTRACTION. FRANCHISOR will approve or deny these designs within fifteen (15) days.

3.4. Construction Support and Commissioning. In connection with the installation of the EQUIPMENT, FRANCHISOR (or its authorized designee) will provide to FRANCHISEE on-site personnel for commissioning services (for up to 15 days) and FRANCHISEE shall be responsible to pay for all travel expenses (including, without limitation, flights, ground transportation, lodging/hotels, meals, and incidentals) for FRANCHISOR's commissioning personnel as further set forth on Schedule 1 to Exhibit A of the Equipment Purchase Agreement between SkyVenture LLC and FRANCHISEE. On-site construction support performed by FRANCHISOR (or its designee) will be performed on a time and materials basis based on FRANCHISOR's then-current per diem rates (currently, \$800 per person per day plus travel expenses (including, without limitation, flights, ground transportation, lodging/hotels, meals, and incidentals) for on-site construction support and on-site commissioning services performed by employees of FRANCHISOR or its AFFILIATE, or FRANCHISOR's direct cost plus 10% if FRANCHISOR engages a third party to provide such services), which rates are subject to change on ninety (90) days' written notice at FRANCHISOR's discretion. FRANCHISEE shall reimburse FRANCHISOR for all reasonable expenses incurred by FRANCHISOR or its employees in conjunction with the performance of the above-listed services, including all reasonable travel expenses (based on round trip coach airfare), accommodations, ground transportation costs, and meals and incidentals.

3.5. Pre-Opening Inspection. The issuance of the license granted herein is conditioned upon the proper and safe installation of the EQUIPMENT and FRANCHISEE's continued adherence throughout the TERM of this Agreement to SYSTEM standards, as set forth in the MANUALS or otherwise in writing. Consequently, within a reasonable time before the proposed OPENING DATE, FRANCHISEE shall allow FRANCHISOR to inspect the ATTRACTION. Operations shall not commence without (i) the approvals contemplated by Sections 3.6 and 3.7 below, (ii) satisfactory completion of pre-opening training pursuant to Sections 4.1 and 4.2, (iii) payment of all amounts owed to FRANCHISOR and its AFFILIATES, as well as all sales and other taxes owed with respect to the EQUIPMENT and the BUSINESS, and (iv) delivery of the insurance certificates required by Section 11.2.

3.6. Architect and Engineer Approvals. It is FRANCHISEE's sole responsibility to ensure that the ATTRACTION (including the EQUIPMENT and the building or other space in which it is housed), the LOCATION and the PRODUCTS and SERVICES are in compliance with all applicable federal, state and local laws, rules, regulations and ordinances. Accordingly, and without limitation of its responsibilities for compliance hereunder, FRANCHISEE agrees not to commence operation of the ATTRACTION without first obtaining the written approval of FRANCHISEE's architect and structural engineer of record (each of whom shall be licensed in the state in which the EQUIPMENT is installed) as to the structural soundness of the building, its foundations and the installation of the structural components of the EQUIPMENT.

3.7. FRANCHISOR Consent to Opening. The ATTRACTION shall be approved by FRANCHISOR in writing before the OPENING DATE. FRANCHISOR agrees to inspect, and issue such approval or disapproval (which shall be accompanied by the reasons therefor), promptly following notice by FRANCHISEE that the ATTRACTION is believed to satisfy FRANCHISOR's standards and specifications and is ready for inspection. After the ATTRACTION has been approved by FRANCHISOR, FRANCHISEE shall not materially depart from the approved structure, set-up and operation of the ATTRACTION.

3.8. No Warranty. FRANCHISEE acknowledges that FRANCHISOR's review of the construction drawings pursuant to Section 3.3, and its inspection and consent rights pursuant to Sections 3.5 and 3.7, are only for purposes of determining compliance with SYSTEM standards, including, without limitation, the aesthetics and functionality of the ATTRACTION, and that neither the acceptance of such drawings by FRANCHISOR nor its inspection of or consent to the opening of the ATTRACTION constitutes a representation, warranty, or guarantee, express or implied, that the drawings are accurate or free of error concerning their structural application or that the ATTRACTION is structurally sound, complies with code and other applicable legal requirements, is safe to operate or is free from design defects. FRANCHISOR shall not be responsible for architecture or engineering, or for code compliance, zoning, or other requirements of the laws, ordinances or regulations of any federal, state, local, or municipal governmental body, including, without limitation, any

requirement relating to accessibility by disabled persons or others, nor shall FRANCHISOR be responsible for any errors, omissions, or discrepancies of any nature in the drawings. FRANCHISEE agrees to indemnify and save and hold FRANCHISOR and its officers, directors, and employees harmless from and against any and all claims by FRANCHISEE's employees, customers or any other persons for personal injury and property damage (including, without limitation, court costs, attorneys' fees, and special or consequential damages) incurred by or arising out of the use of FRANCHISOR's specifications, or any portion thereof, or the construction, installation or operation of the ATTRACTION.

3.9. Revocation of FRANCHISOR's Consent to Operate. Without limitation of FRANCHISOR's rights hereunder (including, without limitation, those set forth in Sections 7.4 and 12.3.6.), in the event that there is a material departure by FRANCHISEE from the approved structure, set-up and/or operation of the ATTRACTION (or any part thereof), FRANCHISOR shall have the right to revoke its consent to the operation of the ATTRACTION by written notice to FRANCHISEE, such revocation notice to take effect within a reasonable period of time (which may be immediately in the event of an imminent threat to public safety) as specified in the notice. FRANCHISEE stipulates and agrees that its failure to immediately cease the use of any part of the ATTRACTION from which FRANCHISOR has withdrawn its consent to operate will irreparably harm FRANCHISOR and constitute a material breach of this Agreement.

ARTICLE 4

4. TRAINING.

4.1. Pre-Opening Training. Not later than sixty (60) days prior to the OPENING DATE, FRANCHISEE shall designate one or more employees to attend and satisfactorily complete all POS System and other training required by FRANCHISOR, including FRANCHISOR's management training program and authorized Flight Instructor Training Program ("FITP") for QUALIFIED FLIGHT INSTRUCTORS. FRANCHISEE may be required to pay a training fee and shall be solely responsible for the costs and expenses incurred by its personnel attending training. FRANCHISEE shall reimburse FRANCHISOR for all reasonable expenses incurred by FRANCHISOR's personnel conducting training, including all reasonable travel expenses, accommodations, meals and ground transportation costs.

4.2. Initial Flight Instructor Training Program. FRANCHISEE shall designate at least five individuals to attend and satisfactorily complete FRANCHISOR's authorized FITP. FRANCHISOR or its authorized designee shall provide each such person (hereinafter referred to as a "Trainee") instruction in the use, operation and maintenance of the EQUIPMENT. Only FRANCHISOR-authorized training shall be deemed acceptable for certification of Trainees as QUALIFIED FLIGHT INSTRUCTORS. All additional or replacement flight instructor personnel also must attend and successfully complete the FITP (or any successor program) to FRANCHISOR's satisfaction. FRANCHISOR or its authorized designee will provide a minimum of two instructors for an initial term of 20 working days spread over 28 calendar days and they will conduct the FITP for up to 7 Trainees. 20 working days is the current length of the standard FITP course. However, FRANCHISOR DOES NOT represent or warrant that all of FRANCHISEE's Trainees will graduate or receive any particular rating by the end of that period. Currently, Phase 1 of the FITP consists of 10 days of instruction conducted at a site selected by FRANCHISOR. Each Trainee must complete the Phase 1 minimum requirements before proceeding to Phase 2. Currently, Phase 2 of the FITP consists of 10 days of training at FRANCHISEE's LOCATION prior to commencement of operations. FRANCHISOR may modify the duration, content and location of its FITP from time to time as it deems advisable. After successful completion of Phase 2 training (as determined solely by FRANCHISOR or its authorized designee), each Trainee will be certified as a "QUALIFIED FLIGHT INSTRUCTOR". FRANCHISEE shall reimburse FRANCHISOR for all reasonable expenses incurred by the instructors in conjunction with the performance of the above-listed services, including all reasonable travel expenses, accommodations, meals and ground transportation costs of the instructors. FRANCHISEE shall be solely responsible for the costs and expenses incurred by its Trainees and all costs for tunnel time.

4.3. Additional Flight Instructor Training. To the extent that FRANCHISEE requests additional flight instructor training (including training for replacement personnel) or such training is required in order for FRANCHISEE's flight instructors to maintain or increase their ratings, FRANCHISOR or its designee will charge, and FRANCHISEE will pay, for such additional training on a time and materials basis, based on the FRANCHISOR's then published per diem rates (currently, \$500 per day per instructor conducting the training) plus expenses for on-site support performed by employees of FRANCHISOR or its AFFILIATE, or FRANCHISOR's direct cost plus ten percent (10%) if FRANCHISOR engages a third party to provide such services). No additional training will be conducted without FRANCHISEE's express written authorization (email will suffice).

4.4. Other Training Programs. FRANCHISOR may, from time to time, at its discretion, make available to, or in certain cases require, FRANCHISEE, its OWNERS and/or other personnel, or any of them, to attend additional training courses or programs during the TERM of this Agreement and may require the training of replacement personnel. Such programs may be held on a national or regional basis at locations selected by FRANCHISOR to instruct FRANCHISEE with regard to new procedures or programs which FRANCHISOR deems, in its sole judgment, to be of importance to the operation of the EQUIPMENT and to the offer and sale of the PRODUCTS and SERVICES by its FRANCHISEES. FRANCHISOR will determine which training courses are optional and which are mandatory and the time and place of such training courses shall be at FRANCHISOR's discretion. FRANCHISEE must pay for such training as follows: if training is provided by FRANCHISOR, at FRANCHISOR's cost (including all direct costs of personnel, equipment and materials, and a proportionate share of the related overhead expenses), or if training is provided by a third-party service provider, all third-party charges plus ten percent (10%). In all cases, FRANCHISEE shall pay all transportation costs, food, lodging and similar costs incurred in connection with attendance at such programs.

4.5. Initial Management Training. FRANCHISEE may either select a two (2) week (10 total training days) general management training program that provides an overview of operational systems, culture, brand, manuals, and facility; interactive coaching and training as manager as well as each job position at a tunnel, or a four (4) week (20 total training days) training program that provides an intensive overview including team development strategy, P&L statement analysis, timeline for launch, competency quizzes, day in the life immersion, daily briefings, and overall evaluation. Management training is conducted on-site at FRANCHISEE's tunnel (if available), or at a site FRANCHISOR designates, at FRANCHISOR's option. FRANCHISEE must pay FRANCHISOR in advance \$10,000 for the two (2) week course and \$20,000 for the four (4) week course. In addition to the course costs listed above, FRANCHISEE must pay FRANCHISOR for the expenses FRANCHISOR's trainer incurs (including travel, based on round trip coach airfare, ground transportation, lodging, and a per diem for meals and incidentals at the rate published by the U.S. State Department). If management training occurs at a site that is not FRANCHISEE's tunnel, FRANCHISEE will also be responsible for the costs FRANCHISEE's management trainees incur (including wages, transportation, accommodations, and meals.) FRANCHISEE may also request operational set up and opening support at FRANCHISOR's then current prices, which currently range from \$750 to \$1,050 per day and FRANCHISEE will pay for all travel expenses of FRANCHISOR's personnel for any operational set up and opening support (including, but not limited to, flights, ground transportation, lodging/hotels, meals, and incidentals)..

ARTICLE 5

5. INITIAL FEE, ROYALTIES, REPORTS AND RECORDS.

5.1. Initial Franchise Fee. Upon execution of this Agreement, FRANCHISEE shall pay to FRANCHISOR an initial franchise fee in the amount of One Hundred and Twenty-Five Thousand Dollars (\$125,000) (the "Initial Fee"). The Initial Fee shall be non-refundable, in whole or in part, under any circumstances.

5.2. Royalty Fee. During the TERM of this Agreement, FRANCHISEE agrees to pay a Royalty (defined below) to FRANCHISOR, in an amount equal to seven percent (7%) of FRANCHISEE's monthly GROSS SALES (the "Percentage Royalty"), but not less than the Minimum Annual Royalty (as defined below).

5.2.1. The Percentage Royalty will be paid to FRANCHISOR without demand, deductions, set-offs or counterclaims (except as provided in Section 5.2.3 below) within fifteen (15) days of the end of each calendar month for the previous month's GROSS SALES.

5.2.2. Subject to the rights of FRANCHISEE under Section 10.3, the minimum Royalty due to FRANCHISOR during any full calendar year after Tender of the EQUIPMENT ("Minimum Annual Royalty") shall be the greater of (a) **FIFTY THOUSAND DOLLARS** (\$50,000.00 USD); (b) the number of hours the fans operated during a particular calendar year multiplied by \$30.00 USD; or (c) the number of hours the fans operated during a particular calendar year multiplied by the lowest hourly rate published by FRANCHISEE and further multiplied by 7%. FRANCHISEE agrees to pay FRANCHISOR the Minimum Annual Royalty each year regardless of its actual provision and/or sales of PRODUCTS and SERVICES. If the total annual Percentage Royalty paid by the FRANCHISEE does not equal or exceed the Minimum Annual Royalty at the end of each calendar year, FRANCHISEE agrees to make payment of the deficit within fifteen (15) days after payment for the final month of the year is due. If FRANCHISEE does not make such Minimum Annual Royalty, within such fifteen (15) day period, then FRANCHISOR may, at its discretion, either terminate this Agreement or terminate or modify the TERRITORIAL protection granted herein.

5.2.3. The Percentage Royalty and Minimum Annual Royalty (also collectively referred to as "Royalty") shall be deemed to comprise a single obligation of FRANCHISEE to FRANCHISOR. FRANCHISEE shall not have the right to set-off or any right of deduction against any Royalty provided for under this Agreement except as otherwise specifically provided herein or for any unpaid litigation award levied against FRANCHISOR as a result of a litigation claim brought pursuant to Section 15.6.

5.3. Statement of Gross Sales. At the time it submits its monthly Percentage Royalty payment FRANCHISEE shall furnish to FRANCHISOR, in the manner required by FRANCHISOR, a monthly Statement of Gross Sales (the "Statement") showing in detail all Percentage Royalty due FRANCHISOR from FRANCHISEE with respect to the designated calendar month and such supporting information as FRANCHISOR shall reasonably request. Each such Statement shall be in accordance with Exhibit C and shall show the gross selling prices of all PRODUCTS and SERVICES with only those adjustments specifically authorized in the definition of GROSS SALES. Each such Statement shall be signed by a general partner if FRANCHISEE is a partnership, or by an authorized officer if FRANCHISEE is a corporation or limited liability company and shall include a verification that such Statement complies with the provisions of this Agreement and (after the first such Statement) was prepared in a manner consistent with all prior Statements. At the time of rendering such monthly Statements, additional Royalties due but not previously paid, if any, shall be paid to FRANCHISOR.

5.4. Recordation of Sales. FRANCHISEE shall record at the time of sale all receipts from sales or other transactions, whether cash or credit, in such cash register or registers or point-of-sale system required by FRANCHISOR and paid for and provided by FRANCHISEE. All sales originating, secured, received, or fulfilled at the LOCATION (whether by mail, telephone, facsimile transmission, telegraph, or otherwise) shall be considered as made and completed therein, even though booking, payment or collection of the account may take place elsewhere, and even though actual filling of the sale of a PRODUCTS order and actual delivery of the PRODUCTS may be made from a place other than the LOCATION. Each sale upon installments or credit shall be treated as a sale for the full cash price at the time of sale.

5.5. Books and Records. FRANCHISEE shall keep the following items: (a) accurate books of account and records in accordance with generally accepted accounting principles consistently applied, including, a sales journal, general ledger, and all bank account statements showing deposits of GROSS SALES revenue including a daily sales report on the format set forth in the MANUALS and a monthly statement of

income and expense on the format promulgated by FRANCHISOR (which may change from time to time at FRANCHISOR's sole discretion); (b) all such cash register receipts with regard to the GROSS SALES and credits, refunds and other pertinent transactions made from or upon the LOCATION; (c) detailed original records of any exclusions or deductions from GROSS SALES, including canceled checks, and any other documents supporting such exclusions or deductions; (d) all bills, statements or invoices from electricity suppliers; and (e) records of all times that the EQUIPMENT's main fans are running whether in connection with a sale or otherwise (including, without limitation, during training, staff time and promotional time). Such books, receipts and records shall be kept for a period of four (4) years after FRANCHISOR's receipt of the Gross Sales Statement for each month. All records, Statements and reports required hereunder shall be stored on the INFORMATION COLLECTION AND RETRIEVAL SYSTEM or otherwise submitted to FRANCHISOR at the time and in the manner required by FRANCHISOR.

5.6. Audit Rights. FRANCHISOR shall have the right at any time, upon reasonable advance notice but no more than three (3) times during any consecutive twenty-four (24) month period, to inspect and audit all of the books of account and records of FRANCHISEE for the current and previous three years required to be kept pursuant to the previous paragraph. FRANCHISEE shall make the books of account and records available for inspection and audit by FRANCHISOR's representatives at the LOCATION or at a business office of FRANCHISEE during regular business hours. However, notwithstanding anything to the contrary in this paragraph, if the accounting and sales records are available electronically, at the request of FRANCHISOR, FRANCHISEE shall send those to FRANCHISOR by email to the record address below as frequently as requested by FRANCHISOR. In addition, upon request of FRANCHISOR, FRANCHISEE shall furnish to FRANCHISOR a copy of FRANCHISEE's sales tax reports and returns, and all taxing authority audit reports, delinquency notices, and the like. If it shall be determined as a result of such audit that there has been a deficiency in the payment of the Royalty, then such deficiency shall become immediately due and payable with interest at the AGREED INTEREST RATE calculated from the date when said payment should have been made. In addition, if FRANCHISEE understates Gross Sales by more than five percent (5%), and if FRANCHISOR is entitled to any additional Royalty as a result of said understatement, or if such audit shows that FRANCHISEE has failed to maintain the books of account and records required by the above paragraph so that FRANCHISOR is unable to verify the accuracy of FRANCHISEE's statement, then FRANCHISEE shall pay to FRANCHISOR all reasonable costs and expenses (including reasonable auditors' and attorneys' fees and costs) which may be incurred by FRANCHISOR in conducting such audit and collecting such underpayment if any and shall implement such corrective measures as may be required by FRANCHISOR to maintain accurate books of account and records. If FRANCHISEE understates Gross Sales by more than ten percent (10%) or intentionally understates GROSS SALES, then, in addition to FRANCHISOR's aforesaid rights, FRANCHISOR may terminate this Agreement.

5.7. Manner of Payment. All payments required to be paid hereunder shall be payable in United States dollars ("USD") in the manner required by FRANCHISOR, at the address indicated in Exhibit B or as otherwise specified in writing by FRANCHISOR. Without limitation of the foregoing, at FRANCHISOR's request, FRANCHISEE shall process its payments via the ACH (Automated Clearing House) system. Each payment to be made hereunder shall be made free and clear and without deduction for any present or future taxes, levies, imposts, duties or other charges of whatsoever nature, including any interest or penalties thereon, imposed by any government or political subdivision of such government on or relating to the operation of the franchised business, the payment of monies, or the exercise of rights granted pursuant to this Agreement, except taxes imposed on or measured by FRANCHISOR's net income. The receipt by FRANCHISOR of any Statement or any payment of Royalty for any period shall not bind it as to the correctness of the Statement or the payment.

5.8. Interest; Late Charge. No payment by FRANCHISEE or receipt by FRANCHISOR of a lesser amount than the amount due hereunder shall be deemed to be other than a payment on account, and no endorsement or statement on any check or other communication accompanying a check for payment of any amounts payable hereunder shall be deemed an accord and satisfaction, and FRANCHISOR may accept such check as partial payment without prejudice to FRANCHISOR's right to recover the balance of any sums owed

by FRANCHISEE hereunder or to pursue against FRANCHISEE any additional remedies available under this Agreement or provided at law or in equity. Without limitation of any other obligations of FRANCHISEE which shall survive the expiration of the TERM, the obligations of FRANCHISEE to pay all Royalties and other amounts which have accrued as of the date of expiration or sooner termination of this Agreement shall survive such expiration or earlier termination. Any amount due from FRANCHISEE to FRANCHISOR hereunder which is not paid within fifteen (15) days after it is due shall be subject to a late charge in the amount of Ten Percent (10%) of the amount unpaid and shall in addition bear interest at the AGREED INTEREST RATE calculated from the due date until paid. The parties hereby agree that the above-mentioned late charge represents a fair and reasonable estimate of the costs FRANCHISOR will incur by reason of late payment by FRANCHISEE. Such costs include, without limitation, processing and accounting charges and any late charges that may be imposed on FRANCHISOR. The payment of any late charge and/or interest shall not excuse or cure any default by FRANCHISEE under this Agreement.

5.9. Promotional Allowance. FRANCHISEE is not authorized to barter PRODUCTS and SERVICES; however, FRANCHISEE shall have the right to provide, without charge or the obligation to pay Percentage Royalty upon, limited use of the EQUIPMENT for direct promotion of FRANCHISEE's particular wind tunnel; provided, that FRANCHISEE records the time the tunnel's main fans are operational and the name of the person(s) who flew in as a part of the promotion.

5.10. Grant of Security Interest. To secure any and all of FRANCHISEE's obligations set forth in this Agreement, including but not limited to the payment of Percentage Royalty payments to FRANCHISOR, FRANCHISEE grants to FRANCHISOR a continuing security interest in FRANCHISEE's EQUIPMENT, furniture, fixtures, inventory, accounts, deposit accounts, cash, insurance, documents, instruments, contract rights, rights to the payment of money, and general intangibles, whether now owned or hereafter acquired, and all books and records relating to and all proceeds of all of the foregoing. This security interest secures all obligations, whenever and however arising, of FRANCHISEE to FRANCHISOR. Any default by FRANCHISEE under this Agreement is a default under this security agreement and under this Agreement. FRANCHISOR has all of the rights of a secured party under the Uniform Commercial Code. Subject to the negotiation of an inter-creditor agreement satisfactory to FRANCHISOR, FRANCHISOR shall subordinate its security interest to the security interest of a purchase money lender or equipment lessor to the extent that such lender or equipment lessor conditions its offer of funding upon that subordination.

ARTICLE 6

6. ADDITIONAL OBLIGATIONS OF FRANCHISEE.

6.1. Advertising and Promotion. During the TERM of this Agreement, FRANCHISEE shall use its best efforts to promote the ATTRACTION and the sale of the PRODUCTS and SERVICES; provided that all advertising and offers and sales using the Internet shall be conducted by FRANCHISOR in accordance with Section 6.11.

6.1.1. All advertising and promotion by FRANCHISEE in any medium shall be conducted in a dignified manner and shall conform to FRANCHISOR's written standards and specifications. Notwithstanding the foregoing, FRANCHISEE shall obtain FRANCHISOR's approval of all advertising and promotional plans and materials, including, without limitation, those placed on the Internet, prior to use if such plans and materials have not been prepared or previously approved by FRANCHISOR during the twenty-four (24) month period immediately preceding their proposed use. FRANCHISEE shall submit any unapproved plans and materials to FRANCHISOR, and FRANCHISOR shall approve or disapprove such plans and materials within twenty (20) days after receiving them. FRANCHISEE shall not use any unapproved plans or materials until they have been approved by FRANCHISOR, and shall promptly discontinue use of any advertising or promotional plans or materials, whether or not previously approved, upon reasonable notice from FRANCHISOR.

6.1.2. At such time as FRANCHISOR may propose (the "Proposal"), and with the consent of sixty percent (60%) of all iFLY locations (as measured by the percentage of total GROSS SALES from all iFLY franchised and FRANCHISOR-owned or affiliated locations operating during the calendar year immediately preceding the Proposal), all iFLY franchisees (including FRANCHISEE) shall (a) contribute a specified percentage of GROSS SALES (not to exceed three percent (3%)) to an advertising fund (the "Fund") and/or (b) participate in a centralized 1-800 reservation system, each to be administered by FRANCHISOR or its designee in accordance with the Proposal. FRANCHISEE agrees to execute any and all documents required by FRANCHISOR (including, without limitation, any amendment to this Agreement) in connection with the adoption of the Proposal and the implementation of a Fund. iFLY locations owned by FRANCHISOR and its AFFILIATES shall contribute to the Fund and participate in the reservation system on the same basis as franchisees.

6.1.3. FRANCHISEE agrees to participate in and comply with the terms of any special sales program or other promotional or cross-promotional activity which FRANCHISOR may prescribe for the SYSTEM generally or on a national, regional or multi-regional basis, at FRANCHISEE's sole expense, including, but not limited to, voucher, gift card or gift certificate programs and programs offered by experience marketing, travel or holiday booking services and joint advertising and promotional programs. iFLY locations owned by FRANCHISOR and its AFFILIATES shall participate on the same basis as franchisees.

6.1.4. FRANCHISEE agrees to sell to FRANCHISOR for promotional, advertising, testing, marketing, training or other similar uses up to six (6) hours of flight time per calendar year at a price equal to the greater of (i) \$5.00 USD per minute, or (ii) FRANCHISEE's cost of electricity and flight instructor labor (prorated), payable at the time of use. FRANCHISOR agrees to schedule such flight time at least twelve (12) hours in advance and only at times not previously booked by fee-paying customers of FRANCHISEE.

6.2. Approved Products and Services. FRANCHISEE agrees to offer, sell and/or use all PRODUCTS and SERVICES (and only those PRODUCTS and SERVICES) approved by FRANCHISOR, using only the methods authorized by FRANCHISOR, in accordance with all applicable statutes, regulations, ordinances, codes or other governmental requirements and in accordance with the quality and safety standards and provisions set forth in this Agreement and in the MANUALS, including all updates thereto. FRANCHISEE further agrees that it will not offer or sell any product or services not previously approved by FRANCHISOR in writing at FRANCHISOR's sole and absolute discretion and, on reasonable notice by FRANCHISOR, will promptly discontinue all PRODUCTS and SERVICES for which FRANCHISOR's approval has been revoked.

6.3. Maintenance. FRANCHISEE shall maintain the LOCATION and the EQUIPMENT in a high degree of safety, sanitation and repair, and shall make such additions, alterations, repairs and replacements as may be required for that purpose. If at any time in FRANCHISOR's reasonable judgment, the state of repair, appearance or cleanliness of the EQUIPMENT or LOCATION fail to meet FRANCHISOR's standards, FRANCHISOR shall notify FRANCHISEE. Upon FRANCHISEE's receipt of such notice, FRANCHISEE shall promptly take any such action as may be required to correct the deficiency and shall complete all corrective action within a reasonable period of time, not to exceed ninety (90) days from the date of the notice. Such maintenance shall not be deemed to constitute remodeling, as set forth below. Except as may be expressly provided in the MANUALS, no alterations, improvements or changes of any kind in the EQUIPMENT, LOCATION, signs or other features shall be made without FRANCHISOR's prior written approval. No vending or game machines or any other mechanical device may be installed or maintained on the LOCATION without FRANCHISOR's prior written approval.

6.3.1. FRANCHISEE shall maintain all signs approved or required by FRANCHISOR at the LOCATION, identifying the LOCATION as an iFLY location. Such signs shall conform in all respects to FRANCHISOR's specifications and requirements and the layout and design plan approved for the LOCATION, subject only to restrictions imposed by applicable law. On receipt of notice by FRANCHISOR of a requirement to alter any existing sign, FRANCHISEE will at its cost make the required changes within a reasonable period of time, not to exceed sixty (60) days.

6.3.2. FRANCHISEE shall cause all employees to wear uniforms of such color, design, and other specifications as FRANCHISOR may designate from time to time, and present a neat and clean appearance.

6.4. Equipment Updates; Remodeling. FRANCHISEE shall, at FRANCHISEE's cost and expense, upon written notice from FRANCHISOR (a) make such SHORT-TERM RENOVATIONS to the LOCATION and/or EQUIPMENT as are required to conform to FRANCHISOR's then-current standards and specifications; provided, that any notice given pursuant to this Section 6.6(a) shall not occur more frequently than at three (3) year intervals, commencing with the OPENING DATE and continuing throughout the TERM of this Agreement; and further provided, that FRANCHISEE shall not be required to spend more than Eighty Thousand Dollars (\$80,000 USD) each time such SHORT-TERM RENOVATIONS are required, and (b) make such LONG-TERM RENOVATIONS to the LOCATION and/or EQUIPMENT as are required to conform to FRANCHISOR's then-current standards and specifications; provided, that any notice given pursuant to this Section 6.6(b) shall not occur more frequently than at five (5) year intervals, commencing with the OPENING DATE and continuing throughout the TERM of this Agreement; and further provided, that FRANCHISEE shall not be required to spend more than five percent (5%) of GROSS SALES for the twelve (12) month period immediately preceding the date of the notice.

6.5. Inspections. FRANCHISOR's authorized representatives shall have the right to enter upon the LOCATION during business hours, without disrupting FRANCHISEE's business operations, to examine FRANCHISEE's operations, conferring with FRANCHISEE's employees and inspecting the premises, building and EQUIPMENT to determine whether the business is being conducted in accordance with this Agreement, the SYSTEM and the MANUALS. If any such inspection indicates any deficiency or unsatisfactory condition with respect to any matter required under this Agreement or the MANUALS, including quality, cleanliness, service, health and authorized PRODUCTS and SERVICES, FRANCHISOR will notify FRANCHISEE in writing of FRANCHISEE's non-compliance and FRANCHISEE shall promptly correct or repair such deficiency or unsatisfactory condition.

6.6. Parts. FRANCHISEE shall purchase all EQUIPMENT (including all spare and replacement parts) only from FRANCHISOR, Seller or other suppliers designated by FRANCHISOR. Neither FRANCHISOR nor Seller shall be obligated to reveal any specifications for the EQUIPMENT or any component thereof to FRANCHISEE, any non-designated supplier or other third parties. Under no circumstance may FRANCHISEE (1) duplicate (directly or in with any other person or entity) all or any part of the EQUIPMENT (or a substantial equivalent or derivative thereof); (2) exploit or utilize the EQUIPMENT in any manner inconsistent with the terms and conditions of this Agreement; or, (3) attempt to sell, license or otherwise transfer the EQUIPMENT or any license granted hereunder (except as specifically provided pursuant to Article 13 below). At all times throughout the TERM, FRANCHISEE will be responsible for purchasing and maintaining in inventory a sufficient quantity of spare or replacement parts to prevent disruptions in operations and shall provide to FRANCHISOR such reports as FRANCHISOR may require as to its inventory levels of replacement parts.

6.7. Suppliers. In addition to the EQUIPMENT, FRANCHISOR may designate other goods and services which FRANCHISEE may or must use and/or offer and sell at the LOCATION. FRANCHISEE may use, offer or sell only those designated items as FRANCHISOR has expressly authorized, and must purchase such designated items only from suppliers approved by FRANCHISOR. FRANCHISEE acknowledges and agrees that: (a) FRANCHISOR may change the number of approved suppliers at any time, including designating itself, an AFFILIATE, or a third party as the exclusive source for any particular item; and (b) with respect to all non-proprietary items that FRANCHISEE must purchase from FRANCHISOR or its AFFILIATES, FRANCHISOR and its AFFILIATES will exercise commercially reasonable efforts to establish prices that are competitive with the prices for comparable items available from third party suppliers, but FRANCHISOR may profit from FRANCHISEE'S purchases from approved suppliers, and FRANCHISOR and/or its AFFILIATES may receive payments, fees, commissions or reimbursements from such suppliers in respect of FRANCHISEE'S purchases. FRANCHISOR (for itself and its AFFILIATES) reserves the right, in

its discretion, to discontinue the sale of any item at any time if in its judgment the continued sale becomes unfeasible, unprofitable, or otherwise undesirable. Comparable items are those that meet FRANCHISOR's specifications as to brand name, contents, quality, freshness and compliance with governmental standards and regulations, and its standards with respect to reliable and timely delivery and consistent quality.

6.7.1. If FRANCHISOR requires an item to be acquired from an approved supplier and FRANCHISEE desires to acquire the item from an unapproved supplier, or if FRANCHISOR requires a particular item or brand and FRANCHISEE wishes to substitute a different item or brand, FRANCHISEE shall submit to FRANCHISOR a written request for approval and shall secure such approval before acquiring the item or entering into any agreement with the supplier. FRANCHISOR or its representatives may inspect the supplier's facilities and may take and test samples. FRANCHISEE or the supplier may be required to pay the reasonable cost of the inspection and the actual cost of the test. As a condition of its approval, FRANCHISOR may require that the supplier agree to sell only to iFLY franchisees. FRANCHISOR is not required to approve any particular supplier, and may revoke its approval upon a supplier's failure to continue to meet any of FRANCHISOR's standards.

6.7.2. FRANCHISOR may collect rebates and credits from suppliers based on purchases by FRANCHISEE and, at FRANCHISOR's discretion, may refund such amounts to FRANCHISEE or use such amounts to advertise the SYSTEM, notwithstanding any designation by the supplier or otherwise.

6.7.3. At all times throughout the TERM, FRANCHISEE shall purchase and maintain in inventory a reasonable quantity of merchandise sufficient to satisfy customer demand and shall provide to FRANCHISOR such reports as FRANCHISOR may require as to its inventory levels of merchandise.

6.8. Rate Schedule. Before commencing operations, FRANCHISEE shall file with FRANCHISOR a complete schedule of FRANCHISEE's charges and rates. FRANCHISEE will have sole responsibility for notifying FRANCHISOR of any changes in FRANCHISEE's rates in the manner and at the times prescribed by the MANUALS. FRANCHISOR reserves the right, to the fullest extent permitted by applicable law, to establish maximum, minimum or other pricing requirements with respect to the prices FRANCHISEE may charge for PRODUCTS or SERVICES, and, without limitation, may from time to time include in the MANUALS and/or advertise a schedule of suggested rates. FRANCHISEE agrees to display and to advertise promotional programs including, without limitation, special suggested rate promotions, in accordance with procedures prescribed by FRANCHISOR.

6.9. Legal Compliance. FRANCHISEE shall operate the franchised business in compliance with all applicable laws. FRANCHISEE shall notify FRANCHISOR in writing within five (5) days of any injury to customers or staff occurring at the LOCATION and within ten (10) days after FRANCHISEE receives actual notice of the commencement of any action, suit, or other proceeding, or the issuance of any order, writ, injunction, award, or other decree of any court, agency, or other governmental authority that pertains to the LOCATION or that may adversely affect FRANCHISEE's operation of the franchised business or ability to meet its obligations hereunder.

6.10. Information Collection and Retrieval System. FRANCHISEE, at its expense, shall acquire (by purchase or license) from FRANCHISOR, its designated AFFILIATE and/or third party suppliers designated or approved by FRANCHISOR, and shall use and maintain, any and all hardware, software, peripheral equipment and accessories, and support services, and take all other actions (including but not limited to installation of electrical wiring and cabling, and temperature and humidity controls) that may be necessary to enable the INFORMATION COLLECTION AND RETRIEVAL SYSTEM to operate as intended. If FRANCHISOR provides FRANCHISEE assistance in installing or supporting the INFORMATION COLLECTION AND RETRIEVAL SYSTEM, FRANCHISEE must pay FRANCHISOR for such assistance at FRANCHISOR's then-current rates, plus expenses. If FRANCHISOR arranges for assistance to be provided by an unaffiliated third party, FRANCHISEE will pay FRANCHISOR the direct costs incurred by FRANCHISOR for such

services, plus an administration fee of 15%. FRANCHISEE must pay FRANCHISOR a POS System colocation fee that equals FRANCHISEE's pro rata share of FRANCHISOR's actual costs for such hosting, plus 10%.

6.10.1. FRANCHISEE acknowledges that FRANCHISOR may, during the TERM of this Agreement, require FRANCHISEE to modify, enhance and/or replace all or any part of the INFORMATION COLLECTION AND RETRIEVAL SYSTEM at FRANCHISEE's expense. Any such modifications, enhancements, and replacements may require FRANCHISEE to incur costs to purchase, lease and/or license new or modified computer hardware and/or software or other equipment and to obtain different and/or additional service and support services during the term of this Agreement. FRANCHISEE acknowledges that FRANCHISOR cannot estimate the costs of future enhancements, modifications, and replacements. Notwithstanding the foregoing, during the term of this Agreement FRANCHISOR agrees to license any proprietary components of the INFORMATION COLLECTION AND RETRIEVAL SYSTEM to FRANCHISEE at no charge, except for a reasonable annual maintenance and support fee based on FRANCHISOR's actual cost (including all direct costs of personnel, equipment and materials, and a proportionate share of the related overhead expenses) of providing such maintenance and support.

6.10.2. The INFORMATION COLLECTION AND RETRIEVAL SYSTEM shall be linked to FRANCHISOR or its designated AFFILIATE via the Internet or as otherwise specified by FRANCHISOR, and FRANCHISEE shall allow FRANCHISOR and/or its designated AFFILIATE, to poll the INFORMATION COLLECTION AND RETRIEVAL SYSTEM on a daily or other basis at such times and in such manner as established by FRANCHISOR, with or without notice, and to retrieve such information stored in the INFORMATION COLLECTION AND RETRIEVAL SYSTEM as FRANCHISOR deems appropriate. FRANCHISEE acknowledges and agrees that through the INFORMATION COLLECTION AND RETRIEVAL SYSTEM and other systems FRANCHISOR will have access to FRANCHISEE's usage data, accounting records, and other operating data, and FRANCHISEE shall take no action to block or otherwise restrict FRANCHISOR's access thereto (including, without limitation, no action to disconnect the required Internet or other link to FRANCHISOR or to interfere with or obstruct the view of the SYSTEM's cameras). FRANCHISEE's failure to comply with this Section 6.10 shall constitute a material breach of this Agreement for which FRANCHISOR may exercise the remedies set forth in Article 13.

6.11. Internet. FRANCHISEE shall obtain and shall maintain at all times during the TERM of this Agreement an Internet connection that complies with FRANCHISOR's standards and specification, including a static IP address and specified bandwidth, solely for communications between FRANCHISEE and FRANCHISOR. FRANCHISEE shall take no action to block or otherwise restrict FRANCHISOR's access thereto.

6.11.1. FRANCHISEE (i) shall not develop, create, generate, own, license, lease or use in any manner any computer medium or electronic medium (including, without limitation, any Internet home page, e-mail address, website, web page, social networking account name, alias or user name, domain name, bulletin board, newsgroup or other Internet-related medium or activity) which in any way uses or displays, in whole or part, the Marks, or any of them, or any words, symbols or terms confusingly similar thereto, and (ii) shall not, and shall not permit any others to, sell (which includes order-taking), advertise, or merchandise, any authorized PRODUCT or SERVICE by any computer medium or electronic medium (including, any Internet home page, e-mail address, website, web page (including the FRANCHISEE Page), domain name, bulletin board, newsgroup or other Internet-related medium or activity) without FRANCHISOR's express prior written consent, and then only in such manner and in accordance with such procedures, policies, standards and specifications as FRANCHISOR may establish from time to time. Without limiting FRANCHISOR's rights under Section 2.2., all of said rights are reserved to FRANCHISOR and FRANCHISEE shall not develop, create, generate, own, license, lease or use in any manner any computer medium or electronic medium (including, without limitation, any Internet home page, e-mail address, website, web page, domain name, bulletin board, newsgroup or other Internet-related medium or activity) which in any way uses or displays, in whole or part, the MARKS, or any of them, or any words, symbols or terms confusingly similar thereto without

FRANCHISOR's express prior written consent, and then only in such manner and in accordance with such procedures, policies, standards and specifications as FRANCHISOR may establish from time to time.

6.11.2. FRANCHISOR has established a website (the "Website") and may, at its sole option, from time to time, without prior notice to FRANCHISEE: (i) add, change, revise, or eliminate the design, content and functionality of the Website (including, without limitation, to implement a centralized Internet based reservation system, the cost of which shall be borne, pro rata, by all SYSTEM locations); (ii) make operational changes to the Website; (iii) change or modify the URL and/or domain name of the Website; (iv) substitute, modify, or rearrange the Website, including in any manner that FRANCHISOR considers necessary or desirable to, among other things, comply with applicable law or respond to changes in market conditions or technology or other circumstances; (v) limit or restrict end-user access (in whole or in part) to the Website; and (vi) disable or terminate the Website, or suspend listing of FRANCHISEE's LOCATION or FRANCHISEE's access to the Website in the event of a default by FRANCHISEE, without FRANCHISOR having any liability to FRANCHISEE.

6.11.3. FRANCHISOR may, from time to time, establish interior pages on the Website to promote the locations operated by its franchisees (the "FRANCHISEE Page"). FRANCHISOR may permit FRANCHISEE to customize or post certain information to the FRANCHISEE Page, subject to FRANCHISEE's execution of FRANCHISOR's then-current participation agreement, and FRANCHISEE's compliance with the procedures, policies, standards and specifications that FRANCHISOR may establish from time to time. Such participation agreement may include, without limitation, specifications and limitations for the data or information to be posted to the FRANCHISEE Page, customization specifications, the basic template for design of the FRANCHISEE Page, parameters and deadlines specified by FRANCHISOR, disclaimers, and such other standards and specifications and rights and obligations of the parties as FRANCHISOR may establish from time to time. Any modifications (including customizations, alterations, submissions or updates) to the artwork, graphics, design, functionality, software, code or the like made by FRANCHISEE for any purpose will be deemed to be a "work made for hire" under the copyright laws, and therefore, FRANCHISOR shall own the intellectual property rights in and to such modifications. To the extent any modification does not qualify as a work made for hire as outlined above, FRANCHISEE hereby assigns those modifications to FRANCHISOR for no additional consideration and with no further action required and shall execute such further assignments(s) as FRANCHISOR may request.

6.11.4. Without limiting FRANCHISOR's general unrestricted right to permit, deny and regulate FRANCHISEE's participation on the Website in FRANCHISOR's discretion, if FRANCHISEE shall breach this Agreement, or any other agreement with FRANCHISOR or its AFFILIATES, FRANCHISOR may disable or terminate the FRANCHISEE Page and remove all references to the Store developed and operated hereunder on the Website until said breach is cured.

6.12. Additional IT Products and Services. FRANCHISEE, at its expense, shall acquire (by purchase or license) from third party suppliers designated or approved by FRANCHISOR, and shall use and maintain, any and all hardware, software, peripheral equipment and accessories, and support services and take all other actions that may be necessary to enable the Software licensed to FRANCHISEE under the Software License Agreement to operate in the manner configured and specified by FRANCHISOR. In addition, FRANCHISEE, at its expense, shall acquire (by purchase or lease) from third party suppliers various software licenses and subscriptions as may be specified from time to time by FRANCHISOR as necessary for the operation of FRANCHISEE's business.

ARTICLE 7

7. QUALITY AND SAFETY.

7.1. Minimum Operating Standards. FRANCHISEE agrees to operate and maintain the EQUIPMENT in accordance with the MANUALS, including any changes thereto which may be made by FRANCHISOR from time to time.

7.2. Qualified Flight Instructor Supervision. FRANCHISEE shall only operate the EQUIPMENT with a QUALIFIED FLIGHT INSTRUCTOR in the flight chamber or staging area and shall not allow operation beyond that authorized by the QUALIFIED FLIGHT INSTRUCTOR's license. FRANCHISEE shall only allow staff or patrons into the flight chamber and staging area if they are wearing helmets, shoes, goggles and hearing protection.

7.3. Minimum Safety Standards. Use of the EQUIPMENT shall remain under the FRANCHISEE's exclusive direction and control. FRANCHISEE shall not permit the EQUIPMENT to be used for any purpose other than that for which it was designed, nor allow it to be neglected or abused. FRANCHISEE shall not make any alterations or additions to the EQUIPMENT without FRANCHISOR's prior written consent. FRANCHISEE will be responsible for assuring the careful and proper training in and use of the EQUIPMENT including, but not limited to, adherence to all of the training requirements and safety standards published by FRANCHISOR and the supervision by FRANCHISEE's properly trained personnel. Such safety standards represent only the minimum standards and FRANCHISEE shall be responsible for monitoring and implementing any additional or more stringent safety standards that may be required at the LOCATION. FRANCHISEE shall provide such access controls, placards, lock-outs and cautions as may be required or advisable to insure the safe use and operation of the EQUIPMENT.

7.4. Suspension of Operations for Safety Reasons. FRANCHISEE shall immediately discontinue all further use of the EQUIPMENT in the event that FRANCHISEE, its agents or employees, become aware of any material defect in the EQUIPMENT or material condition requiring repair, adjustment or replacement or any other condition which, in FRANCHISOR's judgment, is likely to pose a significant risk to public health or safety. In addition to FRANCHISOR's other rights and remedies hereunder, if FRANCHISOR notifies FRANCHISEE of its reasonable belief that the operation of the EQUIPMENT in its then current state poses a significant risk to public health and safety, then FRANCHISEE shall temporarily close the LOCATION and cease operation of upon receipt of written notice from FRANCHISOR and shall not re-open the LOCATION or permit members of the public to use the EQUIPMENT until the situation has been resolved and FRANCHISEE has received written permission from FRANCHISOR to resume operations.

ARTICLE 8

8. GOODWILL & PROTECTION OF INTELLECTUAL PROPERTY.

8.1. IP Ownership. As between FRANCHISOR and FRANCHISEE, FRANCHISOR is the owner of all right, title and interest in and to the TRADEMARKS and the goodwill associated with and symbolized by them, as well as all CONFIDENTIAL INFORMATION, KNOW-HOW and all other intellectual property developed for or used in connection with the EQUIPMENT or the SYSTEM, including all patents, copyrights, trademarks, trade names, service marks, logos and commercial symbols, and all derivations and modifications thereof and thereto (collectively, the "IP"). Any unauthorized use of the IP shall constitute an infringement of FRANCHISOR's or its AFFILIATES' rights in the IP and a material event of default under this Agreement.

8.2. No Contest of IP Rights. Neither FRANCHISEE nor any OWNER shall take any action that would prejudice or interfere with the rights of FRANCHISOR or its AFFILIATES in and to the IP. FRANCHISEE and its OWNERS agree that they will not, during the TERM of this Agreement or thereafter, contest or assist others to contest the validity of the IP or otherwise attack the rights of FRANCHISOR or its AFFILIATES in and to the IP. FRANCHISEE agrees that, should it or its OWNERS contest or assist others in contesting the validity of the IP during the TERM of this Agreement, FRANCHISOR shall have the right, immediately upon written notice to FRANCHISEE and at its sole discretion, to terminate this Agreement or exercise any additional remedies set forth herein or available at law or in equity. If a final determination is made by a court of competent jurisdiction that any of the contested IP is in fact valid, FRANCHISEE agrees that it will pay all actual costs and disbursements incurred by FRANCHISOR in contesting FRANCHISEE's position regarding said IP.

8.3. Protection of IP. FRANCHISEE shall cooperate with FRANCHISOR, at FRANCHISOR's sole expense, in the protection, enforcement and pursuit of FRANCHISOR's IP. Any intellectual property rights (including any patents, trademarks, trade names or domain names) procured by FRANCHISEE and/or its AFFILIATES and their respective owners, offices, directors, employees and agents, incorporating or derived from the IP or any other properties and/or rights of FRANCHISOR, shall be procured solely for the benefit of and in FRANCHISOR's name and shall be promptly transferred to FRANCHISOR.

8.4. Infringement. FRANCHISEE shall notify FRANCHISOR immediately of any apparent infringement of or challenge to FRANCHISEE's use of any of the IP and of any claim by any person of any rights in any of the IP. FRANCHISEE and the OWNERS shall not communicate with any person other than FRANCHISOR, its AFFILIATES, their counsel, and FRANCHISEE's counsel in connection with any such apparent infringement, challenge or claim. FRANCHISOR shall have complete discretion to take any action it deems appropriate in connection with any infringement of, or challenge or claim to, any of the IP and the right to control exclusively, or to delegate control of, any settlement, litigation, Patent and Trademark Office or other proceeding arising out of any such alleged infringement, challenge or claim or otherwise relating to any of the IP. FRANCHISEE agrees to execute all such instruments and documents, render such assistance, and do such acts or things as may, in the opinion of FRANCHISOR, reasonably be necessary or advisable to protect and maintain the interests of FRANCHISOR or any AFFILIATE in the IP.

8.5. Trademarks. FRANCHISEE recognizes that the goodwill associated with the TRADEMARKS, including any goodwill built, in part, as a result of FRANCHISEE's actions during the TERM of this Agreement, belongs solely to FRANCHISOR and its AFFILIATES and, at the expiration or termination of this Agreement, shall inure only to the benefit of FRANCHISOR and its AFFILIATES and no monetary amount shall be attributable to any goodwill associated with FRANCHISEE's use of the TRADEMARKS. FRANCHISEE agrees that it will:

8.5.1 Operate and advertise the LOCATION only under the name "iFLY [REDACTED]" without any other prefix or suffix, unless otherwise authorized or required by FRANCHISOR. FRANCHISEE may not use any other operating name without FRANCHISOR's prior written approval, which FRANCHISOR may grant or withhold in its sole discretion. FRANCHISEE shall not use the TRADEMARKS as part of its corporate or other legal name.

8.5.2 Cause such trademark notices as FRANCHISOR shall reasonably designate from time to time to appear on or with the EQUIPMENT and/or PRODUCTS or to be prominently associated with SERVICES offered by FRANCHISEE under this Agreement, by means of a tag, label, imprint, sign, banner, or the like.

8.5.3 Comply with FRANCHISOR's instructions in filing and maintaining the requisite trade name or fictitious name registrations, and execute any documents deemed necessary by FRANCHISOR or its counsel to obtain protection of the TRADEMARKS or to maintain their continued validity and enforceability.

8.5.4 Identify itself as the owner of the ATTRACTION in conjunction with any use of the TRADEMARKS, including, but not limited to, uses on invoices, order forms, receipts and contracts, and display a notice in such content and form and at such conspicuous locations on the premises of the LOCATION or any vehicle used in the operation of the ATTRACTION as FRANCHISOR may designate in writing. FRANCHISEE shall not use the TRADEMARKS to incur any obligation or indebtedness on behalf of FRANCHISOR.

8.5.5 Provide FRANCHISOR with all assignments, affidavits, documents, information and assistance related to the TRADEMARKS that FRANCHISOR or its AFFILIATES reasonably request, including all such instruments necessary to register, maintain, enforce and fully vest the rights of FRANCHISOR or its AFFILIATES in the TRADEMARKS. FRANCHISEE hereby appoints FRANCHISOR its true and lawful agent and attorney-in-fact, with full power and authority, for the sole purpose of taking such action as is necessary to complete the assignment to FRANCHISOR or its AFFILIATE of FRANCHISEE's interest in and to any application or registration for a trademark, service mark, or domain name containing any of the TRADEMARKS or any mark that is confusingly similar thereto.

8.6 Substitution of TRADEMARKS. FRANCHISOR shall have the right to substitute different trade names, trademarks, service marks, logos and commercial symbols for the current TRADEMARKS to use in identifying the SYSTEM and any part of the operations of the Locations operating under the SYSTEM if the current TRADEMARKS no longer can be used, or if FRANCHISOR, in its sole discretion, determines that substitution of different TRADEMARKS will be beneficial to the System. In such event, FRANCHISOR may require FRANCHISEE, at FRANCHISEE's expense, to discontinue or modify FRANCHISEE's use of any of the TRADEMARKS or to use one or more additional or substitute TRADEMARKS.

8.7 Domain Names. FRANCHISEE acknowledges FRANCHISOR's or its AFFILIATES' ownership of, and FRANCHISEE unconditionally disclaims any ownership interest in, any Internet domain names which may now or hereafter use any of the IP, and agrees not to register any Internet domain name in any class or category that contains the words, "iFLY" or "SKYVENTURE" or any combination, abbreviation, acronym, phonetic variation or visual variation of those words. At FRANCHISOR'S request, FRANCHISEE shall promptly execute an assignment of any such domain names, satisfactory to FRANCHISOR in form and substance, assigning the domain names to FRANCHISOR or its AFFILIATE.

ARTICLE 9

9. MANUALS; CONFIDENTIAL INFORMATION; COVENANTS.

9.1. Manuals. FRANCHISOR will furnish the MANUALS to FRANCHISEE at TENDER OF THE EQUIPMENT and will provide FRANCHISEE with copies of all amendments to the MANUALS but may do so by posting updates to the portion of its Website designed for that purpose. The MANUALS shall remain the sole and exclusive property of FRANCHISOR with FRANCHISEE enjoying a non-exclusive license to use them in connection with FRANCHISEE's operation of the Franchised Business. FRANCHISEE shall at all times treat the MANUALS, and the information contained therein, as confidential and shall maintain such information as confidential in accordance with this Article 9. FRANCHISOR has the right to add to or modify the MANUALS from time to time to change operating procedures, maintain the goodwill associated with the TRADEMARKS, enable the SYSTEM to remain competitive and for other business purposes. FRANCHISEE shall comply with the terms of all additions and modifications to the MANUALS and shall keep the MANUALS current. If there is a dispute about the contents of the MANUALS, the terms of the master copy at FRANCHISOR's offices shall control. The entire contents of the MANUALS, and FRANCHISOR's mandatory specifications, procedures and rules prescribed from time to time, shall constitute provisions of this Agreement as if they were set forth herein.

9.2. FRANCHISOR's Confidential Information. FRANCHISOR has and will continue to disclose to FRANCHISEE the CONFIDENTIAL INFORMATION necessary to enable FRANCHISEE to install,

operate and maintain the EQUIPMENT and to operate the ATTRACTION in accordance with the SYSTEM. FRANCHISEE shall keep all such CONFIDENTIAL INFORMATION confidential and shall not, during the TERM of this Agreement or thereafter, disclose such CONFIDENTIAL INFORMATION to third parties nor use or allow the use of such CONFIDENTIAL INFORMATION for any purpose other than the installation, operation and maintenance of the EQUIPMENT and/or the operation of the ATTRACTION in accordance with the provisions of this Agreement. FRANCHISEE shall divulge such CONFIDENTIAL INFORMATION only to those of FRANCHISEE's employees who must have access to it in order to operate the ATTRACTION and shall not at any time, without FRANCHISOR's prior written consent, copy, duplicate, record or otherwise reproduce such CONFIDENTIAL INFORMATION, in whole or in part, nor otherwise make the same available to any unauthorized person. Without limitation of the foregoing:

9.2.1. Except as set forth above, FRANCHISEE agrees that it will obtain the written approval of FRANCHISOR before sharing CONFIDENTIAL INFORMATION with any person or entity not a party to this Agreement including its agents, assigns or AFFILIATES. To the extent that FRANCHISOR and FRANCHISEE have entered into a confidentiality or non-disclosure agreement separate from this Agreement, nothing herein shall be construed to lessen the amount or duration of protection over confidential information afforded the parties by said other agreement.

9.2.2. If FRANCHISEE is required by subpoena or order issued by a court or administrative body of competent jurisdiction to disclose any of the CONFIDENTIAL INFORMATION, FRANCHISEE shall give written notice to FRANCHISOR (via facsimile to be immediately followed by a hard copy) within twenty-four (24) hours of receipt of the subpoena or order. Upon receipt of such notice, FRANCHISOR expressly reserves the right to interpose all objections that FRANCHISOR may have to the disclosure of the CONFIDENTIAL INFORMATION requested in the subpoena or order.

9.2.3. FRANCHISEE shall obtain confidentiality agreements executed by all of FRANCHISEE's employees and any holder of a beneficial interest in FRANCHISEE who does not execute the Guarantee, which contain covenants and protections of FRANCHISOR's CONFIDENTIAL INFORMATION that are similar to those set forth in Section 9.2 herein. Such covenants shall be substantially similar to the confidentiality provisions contained in Exhibit E attached hereto and shall be reasonably satisfactory to FRANCHISOR in form and substance, including the designation of FRANCHISOR as a party to the agreement or as a third-party beneficiary thereof with the independent right to enforce such covenants. FRANCHISEE must ensure each employee executes such confidentiality agreement prior to or on the employee's first day of employment with FRANCHISEE. FRANCHISEE agrees and acknowledges that FRANCHISOR is not providing legal advice with respect to employment law and/or agreements with its employees and FRANCHISEE will obtain independent legal advice from its own attorney regarding any agreements with its employees. FRANCHISOR expressly disclaims any liability related to such confidentiality agreements.

9.2.4. In addition to FRANCHISEE's obligations in Section 9.2.3, FRANCHISEE shall obtain executed agreements containing certain covenants from employees that hold management roles, that are recipients of or have access to specialized training or CONFIDENTIAL INFORMATION, or that are in a position of control, including but not limited to general managers, assistant general managers, instructors and trainers. These covenants include, in addition to the protection of confidential information as set out in Section 9.2.3, the assignment of intellectual property rights to FRANCHISOR and non-compete and non-solicitation provisions. Such covenants shall be substantially similar to the those provided in Exhibit E attached hereto and must protect FRANCHISOR's CONFIDENTIAL INFORMATION and intellectual property to the fullest extent permitted by applicable law. Such covenants shall be reasonably satisfactory to FRANCHISOR in form and substance, including the designation of FRANCHISOR as a party to the agreement or as a third-party beneficiary thereof with the independent right to enforce such covenants. FRANCHISEE must ensure that applicable employees execute such agreements prior to or on the employee's first day of employment with FRANCHISEE. FRANCHISEE agrees and acknowledges that FRANCHISOR is not providing legal advice with respect to employment law and/or agreements with EMPLOYEES and FRANCHISEE will obtain

independent legal advice from its own attorney regarding any agreements with its employees. FRANCHISOR expressly disclaims any liability related to such agreements.

9.3. FRANCHISEE's Confidential Information. FRANCHISOR acknowledges and agrees that any and all information or materials obtained from and belonging to or otherwise generated by FRANCHISEE (to the extent not constituting a part of the property or rights of FRANCHISOR as provided herein), and unrelated to the operation of the EQUIPMENT or to the commercialization of PRODUCTS and SERVICES, shall be deemed to be confidential information of FRANCHISEE. FRANCHISOR shall keep all such information confidential and shall not, for the TERM of this Agreement, disclose such information to third parties who have not signed a non-disclosure agreement.

9.4. New Developments. If FRANCHISEE, its employees, or OWNERS develop any new concept, process or improvement in the operation or promotion of the ATTRACTION or develop, create, or offer any games, competitions, leagues, or products or services to be used in connection with the ATTRACTION, FRANCHISEE shall promptly notify FRANCHISOR and provide FRANCHISOR with all necessary related information. Any such concept, process or improvement shall become FRANCHISOR's sole property and FRANCHISOR shall be the sole owner of all patents, patent applications, and other intellectual property rights related thereto. FRANCHISEE and the OWNERS hereby assign to FRANCHISOR any rights they may have or acquire therein, including the right to modify such concept, process or improvement, and otherwise waive and/or release all rights of restraint and moral rights therein and thereto, without compensation, and will obtain any appropriate assignments from others. FRANCHISEE and the OWNERS agree to assist FRANCHISOR in obtaining and enforcing the intellectual property rights to any such concept, process or improvement in any and all countries and further agree to execute and provide us with all necessary documentation for obtaining and enforcing such rights. FRANCHISEE and the OWNERS hereby irrevocably designate and appoint FRANCHISOR as their agent and attorney-in-fact to execute and file any such documentation and to do all other lawful acts to further the prosecution and issuance of patents or other intellectual property right related to any such concept, process or improvement. In the event that the foregoing provisions of this Section 9.3. are found to be invalid or otherwise unenforceable, FRANCHISEE and the OWNERS hereby grant to FRANCHISOR a worldwide, perpetual, non-exclusive, fully-paid license to use and sublicense the use of the concept, process or improvement to the extent such use or sublicense would, absent this Agreement, directly or indirectly infringe their rights therein.

9.5. Non-Competition Covenants. FRANCHISEE and its OWNERS agree that pursuant to this Agreement, they will receive access to valuable training and CONFIDENTIAL INFORMATION which are beyond their present skills and experience, including, without limitation, information regarding operational, sales, promotional and marketing methods and techniques, of the SYSTEM. FRANCHISEE and its OWNERS further acknowledge that such specialized training and CONFIDENTIAL INFORMATION provide a competitive advantage, and that gaining access thereto is a primary reason for entering into this Agreement. In order to protect the goodwill of FRANCHISOR and FRANCHISOR's rights in relation to the EQUIPMENT, PRODUCTS, SERVICES and IP, FRANCHISEE and its OWNERS (for themselves, their AFFILIATES, agents and/or assigns) agree that:

9.5.1 During the TERM of this Agreement, they will not, directly or indirectly, engage in, solicit, or assist others in soliciting or engaging in any business with, or advise, assist, consult, design, build, operate, make loans to, or become interested financially or otherwise in a Competing Business; and

9.5.2 For a period of twenty-four (24) months commencing upon the earlier of: (a) the expiration, termination, or transfer of all of FRANCHISEE's interest in, this Agreement or (b) for each OWNER, the time such OWNER ceases to satisfy the definition of "OWNER" under this Agreement, such FRANCHISEE or OWNER agrees that it shall not engage in any of the conduct described in Section 9.5.1 or otherwise undertake the activities of a Competing Business.

9.5.3 For the avoidance of doubt, during the above-mentioned periods in Section 9.5.1 and 9.5.2 above, FRANCHISEE or its OWNERS (for themselves, their AFFILIATES, agents and/or assigns) shall not, directly or indirectly, buy, lease, license or operate vertical wind tunnel equipment manufactured or sold by a Competing Business or anyone other than FRANCHISOR or its AFFILIATES nor shall they assist, advise, consult, solicit or invest in others doing so.

9.6. Survival. The provisions of this Article 9 shall survive the expiration or earlier termination of this Agreement.

9.7. The parties agree that any breach of the covenants contained in this Article 9 would result in substantial damages to FRANCHISOR which would be difficult, if not impossible, to ascertain, and probably inadequate to remedy the harm caused thereby. Therefore, the parties agree that upon any such breach, FRANCHISOR, and its successors and assigns, shall have the right to seek enforcement of the provisions of this Article 9 by temporary or permanent injunction in addition to any other damages or remedy available.

ARTICLE 10

10. INDEMNIFICATION AND WARRANTIES.

10.1. FRANCHISEE's Indemnity. During the TERM of this Agreement and thereafter, FRANCHISEE hereby agrees to indemnify and hold harmless FRANCHISOR, its AFFILIATES, and their respective owners, officers, employees, and agents from and against any losses, claims or damages, whether direct, indirect, incidental or consequential, including legal fees and litigation costs and expenses, arising from or incurred by them as a result of FRANCHISEE's installation, maintenance, upgrade and operation of the EQUIPMENT or commercialization of any PRODUCTS and SERVICES, and/or any unauthorized modifications or improvements thereto, whether employed or implemented by or on behalf of FRANCHISEE directly or for use by others. FRANCHISEE shall have sole control over the pursuit, prosecution and/or defense of any claim the subject matter of which FRANCHISEE is here called upon to provide indemnification, including the appointment of counsel for the parties hereto; provided, however, such counsel must be acceptable to FRANCHISOR (approval not to be unreasonably withheld or delayed); and provided further that FRANCHISEE shall not admit any liability, or compromise or otherwise settle any claim, without first obtaining FRANCHISOR's express written consent, which consent will not be unreasonably withheld or delayed. Nothing contained herein shall prevent FRANCHISOR from appointing independent counsel to represent FRANCHISOR's interests in any matter or action as to which FRANCHISEE is here called upon to provide indemnification; provided, however, that all legal and/or litigation costs and expenses incurred directly by FRANCHISOR as a result of such appointment shall not be the responsibility of FRANCHISEE.

10.2. FRANCHISOR's Indemnity. In consideration of the FRANCHISEE's payment of royalty fees specified herein, and subject to the terms and conditions of this Agreement, so long as FRANCHISEE has, continuously throughout the TERM of this Agreement, maintained in force a valid comprehensive general liability insurance policy in conformance with the requirements of Article 11, FRANCHISOR shall indemnify and hold harmless FRANCHISEE, its AFFILIATES, and their respective owners, officers, employees and agents, from losses/damages (whether direct, indirect, incidental or consequential, including legal fees and litigation costs and expenses) over and above the policy limits of said general liability policy and arising solely from defects in the EQUIPMENT. It is understood and agreed by the parties that said indemnity shall not become effective unless and until FRANCHISEE's general liability insurance policy has been exhausted in satisfaction or partial satisfaction of the liability claim upon which the indemnity claim is based. Subject to the rights of any insurer of FRANCHISEE, FRANCHISOR shall have sole control over the pursuit, prosecution and/or defense of any claim the subject matter of which FRANCHISOR is here called upon to provide indemnification, including the appointment of counsel for the parties hereto; provided, however, such counsel must be acceptable to FRANCHISEE (approval not to be unreasonably withheld or delayed); and provided further that FRANCHISOR shall not admit any liability, or compromise or otherwise settle any claim, without first obtaining FRANCHISEE's express written consent, which consent will not be unreasonably withheld or

delayed. Nothing contained herein shall prevent FRANCHISEE from appointing independent counsel to represent FRANCHISEE's interests in any matter or action as to which FRANCHISOR is here called upon to provide indemnification; provided, however, that all legal and/or litigation costs and expenses incurred directly by FRANCHISEE as a result of such appointment shall not be the responsibility of FRANCHISOR.

10.3. Seller's Warranty. Under the terms of the PURCHASE AGREEMENT, FRANCHISOR's AFFILIATE (as "Seller") has provided FRANCHISEE (as "Buyer") a limited warranty as to the EQUIPMENT (the "Seller's Warranty"). If the FRANCHISEE is unable to operate part or all of the EQUIPMENT due to a defect covered under the Seller's Warranty, no MINIMUM ROYALTY PAYMENT shall accrue under this Agreement during the interruption of operation while FRANCHISEE, FRANCHISOR, FRANCHISOR's AFFILIATE or an agent of one or more of them dismantles, ships, repairs or replaces, returns and installs the affected part of the EQUIPMENT pursuant to Seller's Warranty.

ARTICLE 11

11. INSURANCE.

11.1. Coverage Requirements. Prior to the commencement of operations and at all times during the TERM of this Agreement, FRANCHISEE agrees to obtain and maintain, at its own expense, one or more comprehensive general liability insurance policies, approved by FRANCHISOR (approval not to be unreasonably withheld or delayed), without a design defect exclusion and with blanket broad form contractual liability coverage, covering all liability arising out of bodily injury and/or property damage due to the use of the EQUIPMENT or offer or sale of PRODUCTS and SERVICES. FRANCHISOR and FRANCHISOR's AFFILIATES will be named as additional insured parties with coverage effective as of the date of first operation of said EQUIPMENT or sale of PRODUCTS or SERVICES. Such policies shall provide a minimum total insurance coverage equal to \$5,000,000.00 USD per occurrence and \$5,000,000.00 USD per year aggregate, net of all claims and expenses paid and reserved for in any policy period. Prior to the commencement of operations and at all times during the TERM of this Agreement, in addition to the comprehensive general liability insurance set forth above, FRANCHISEE agrees to also obtain and maintain, at its own expense, workers compensation and employer's liability insurance with total coverage of no less than \$1,000,000 USD per year, or such greater amount as may be required by applicable laws, rules and regulations. FRANCHISEE shall provide evidence of such insurance to FRANCHISOR before commencing commercial use of the EQUIPMENT or sale of any PRODUCTS or SERVICES, and promptly provide notice to FRANCHISOR of any claims made pertinent to the same, and report expenses paid and reserved against the policy which may lower the available insurance limits. All such policies shall include a waiver of subrogation rights against FRANCHISOR and its AFFILIATES and such policies shall not provide the issuing insurance company, its AFFILIATES or assigns with any subrogation rights or any other recourse whatsoever against FRANCHISOR, its AFFILIATES, officers, directors, employees' agents and/or principal shareholders.

11.2. Evidence of Insurance; Notice. With respect to the insurance described in Section 11.1 herein, FRANCHISEE or its insurance carriers shall provide FRANCHISOR with a certificate of insurance and a copy of each policy renewal, rewriting or change. At FRANCHISOR's request, FRANCHISEE shall provide to FRANCHISOR a copy of FRANCHISEE's current policy. FRANCHISEE or its insurance carrier shall further provide written notice to FRANCHISOR at least thirty days prior to any insurance policy modification, cancellation, lapse or termination for any reason whatsoever.

11.3. Customer Releases. FRANCHISEE further agrees to institute and maintain a system designed to reasonably guarantee that all of its patrons execute a waiver or release which, to the greatest extent possible in FRANCHISEE's jurisdiction, will protect both FRANCHISOR (and its AFFILIATES) and FRANCHISEE from liability that might arise from that patron's use of the EQUIPMENT and that grant FRANCHISOR and FRANCHISEE the right to use the customers' images and likenesses for any promotional, advertising or other commercial purpose permitted by law and this Agreement.

11.4. Material Breach. FRANCHISEE hereby agrees and stipulates that failure to comply with the terms of this Article 11 shall constitute a material breach of this Agreement and will result in immediate irreparable harm to FRANCHISOR.

ARTICLE 12

12. TERM AND RENEWAL; TERMINATION.

12.1. TERM. The TERM of this Agreement shall begin as of the last execution date hereof (the “Effective Date”) and shall continue in effect for a period of twenty (20) years thereafter unless sooner terminated as provided in this Agreement. Except as set forth in Section 12.2, FRANCHISEE shall have no right to renew or extend this Agreement following the expiration of the TERM.

12.2. Renewal. FRANCHISEE may, at its option, renew its rights under this Agreement for one (1) additional consecutive term of ten (10) years, subject to any or all of the following conditions which must, at FRANCHISOR’s option, be met prior to and at the time of renewal:

12.2.1. FRANCHISEE shall give FRANCHISOR written notice of FRANCHISEE’s election to renew not less than six (6) months nor more than nine (9) months before the end of the initial term;

12.2.2. FRANCHISEE shall, at FRANCHISEE’s cost and expense, upgrade the ATTRACTION to reflect the then-current standards and image of the SYSTEM. FRANCHISEE acknowledges that such requirements may include extensive changes, and FRANCHISEE shall commence such upgrades promptly upon notice from FRANCHISOR (unless FRANCHISEE elects not to renew its rights) and shall complete such requirements as expeditiously as possible, but in any event prior to the commencement of the renewal term;

12.2.3. FRANCHISEE shall not be in default of any provision of this Agreement, any amendment hereof or successor hereto, and neither FRANCHISEE nor its AFFILIATES shall be in default of any other agreement with FRANCHISOR or any of its AFFILIATES; and FRANCHISEE and its AFFILIATES shall have substantially and timely complied with the terms and conditions of such agreements during the respective terms thereof;

12.2.4. FRANCHISEE shall have timely satisfied all monetary obligations owed to FRANCHISOR and its AFFILIATES under this Agreement and any other agreement between FRANCHISEE or any of its AFFILIATES and FRANCHISOR or any of its AFFILIATES;

12.2.5. FRANCHISEE shall present to FRANCHISOR satisfactory evidence that FRANCHISEE has the right to remain in possession of the Location during the renewal term or obtain FRANCHISOR’s consent to new site for the ATTRACTION;

12.2.6. FRANCHISEE shall execute FRANCHISOR’s then-current form of renewal franchise agreement, which agreement shall supersede this Agreement in all respects, and the terms of which may differ from the terms of this Agreement, except that the royalty and advertising percentages shall remain at the level in effect on the date of the expiration of the initial term;

12.2.7. FRANCHISEE shall pay to FRANCHISOR all amounts necessary to reimburse FRANCHISOR for its reasonable out-of-pocket costs and expenses associated with renewing the franchise, including, without limitation, legal and accounting fees.

12.2.8. FRANCHISEE and its OWNERS shall execute a general release of any and all claims against FRANCHISOR, its AFFILIATES, and their respective officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees, past and present, in their corporate

and individual capacities, including, without limitation, claims arising under this Agreement or under federal, state or local laws, rules, regulations or orders; and

12.2.9. FRANCHISEE shall comply with FRANCHISOR's then-current qualification and training requirements.

If applicable law requires that FRANCHISOR give notice to FRANCHISEE prior to the expiration of the initial TERM, this Agreement shall remain in effect on a week-to-week basis until FRANCHISOR has given the required notice. If FRANCHISOR is not offering new franchises, is in the process of revising, amending or renewing its form of franchise agreement or disclosure document, or is not lawfully able to offer FRANCHISEE its then-current form of franchise agreement at the time FRANCHISEE delivers its renewal notice, FRANCHISOR may, in its discretion, (i) offer to renew this Agreement upon the same terms set forth herein for a renewal term determined in accordance with this Section 12.2., or (ii) offer to extend the term hereof on a week-to-week basis following the expiration of the initial term for as long as it deems necessary or appropriate so that it may lawfully offer its then-current form of franchise agreement.

12.3. Termination on Notice (No Cure). FRANCHISOR may, at its discretion, terminate this Agreement immediately upon written notice to FRANCHISEE (and without allowing FRANCHISEE any cure period) if the FRANCHISEE:

12.3.1. Fails to commence daily operation of the ATTRACTION within eighteen months of TENDER of the EQUIPMENT or discontinues daily operation of the ATTRACTION for ninety (90) days or more, excluding any force majeure situation; or

12.3.2. Has had legal proceedings by or against it in bankruptcy or under insolvency laws or for reorganization, administration, receivership, dissolution or liquidation; or

12.3.3. Has had an assignment for the benefit of creditors or has become insolvent; or

12.3.4. Knowingly allows operation of the EQUIPMENT without a QUALIFIED FLIGHT INSTRUCTOR who possesses a license sufficient to the activity in the flight chamber in either the flight chamber or staging area; or

12.3.5. Fails to maintain insurance which satisfies the requirements of Article 11 above or a system reasonably designed to ensure that all patrons sign a waiver before using the EQUIPMENT; or

12.3.6. Deviates from FRANCHISOR's, or any government safety, standards in a manner that, in FRANCHISOR's judgment, will constitute an immediate threat to the safety of customers, FRANCHISEE's employees, or the general public.

12.4. Termination on Notice (Cure). In addition to FRANCHISOR's rights under Section 12.3, FRANCHISOR may, at its discretion, terminate this Agreement immediately upon written notice to FRANCHISEE if FRANCHISEE:

12.4.1. Manufactures, sells, or distributes PRODUCTS or SERVICES using the TRADEMARKS that have not been approved by FRANCHISOR and fails to cure within a reasonable period of time (not to exceed thirty (30) days) following written notice from FRANCHISOR; or

12.4.2. Misuses the TRADEMARKS or any of the IP and fails to cure within three (3) days following written notice from FRANCHISOR; or

12.4.3. Violates the confidentiality or non-competition restrictions set forth in Article 9 or the transfer restrictions set forth in Article 13 and fails to cure within a reasonable period of time (not to exceed ten (10) days) following written notice from FRANCHISOR; or

12.4.4. Fails to comply with its obligations under the PURCHASE AGREEMENT or any other agreement between FRANCHISEE and FRANCHISOR or its AFFILIATES and fails to cure within the time periods for cure (if any) specified in such other agreements;

12.4.5. Fails to replace any guarantee within ten (10) days of demand by FRANCHISOR with one of comparable quality, if a guarantee provided pursuant to the terms of this Agreement is terminated for any reason whatsoever; or

12.4.6. Otherwise material breaches or fails to perform its obligations hereunder and fails to cure within thirty (30) days (fifteen (15) day's notice for monetary defaults) following written notice from FRANCHISOR.

If any breach or default is not cured by the end of the applicable cure period set forth herein (or such longer period as may be required by applicable law) this Agreement may be terminated at the discretion of FRANCHISOR. Such right of termination shall not be exclusive of any other remedies to which the non-defaulting party may be lawfully entitled, it being intended that all such remedies shall be cumulative.

12.5. Additional Remedies. Upon any default by FRANCHISEE, FRANCHISOR reserves the right to elect to exercise any one or more of the following remedies in lieu of terminating this Agreement:

12.5.1. terminate the territorial protection granted to FRANCHISEE or modify the scope of such territorial protection;

12.5.2. reduce the size of the TERRITORY (including reduction to zero) or reconfigure the TERRITORY; or

12.5.3. suspend, not renew, or terminate the CONTROL SYSTEM SOFTWARE LICENSE and disable the CONTROL SYSTEM SOFTWARE thereby rendering the EQUIPMENT inoperable; or

12.5.4. disable or terminate FRANCHISEE's access to the INFORMATION COLLECTION AND RETRIEVAL SYSTEM.

FRANCHISOR's exercise of any of its remedies under this Section 12.5. shall not constitute a waiver by FRANCHISOR to exercise its option to terminate this Agreement at any time with respect to a subsequent event of default of a similar or different nature. If FRANCHISOR elects to exercise one or more of the additional remedies set forth in sections 12.5.1, 12.5.2, or 12.5.4 above, FRANCHISEE shall continue to operate in accordance with its rights and obligations hereunder, as so modified, and no such modification shall excuse FRANCHISEE's performance of its obligations under this Agreement.

12.6. Post-Term Rights and Obligations. Upon the expiration or termination of this Agreement all rights and licenses granted herein shall terminate and FRANCHISEE, its AFFILIATES and OWNERS, employees and agents, shall forthwith:

12.6.1. Discontinue the use of all TRADEMARKS and CONFIDENTIAL INFORMATION and the offer and sale of any PRODUCTS and SERVICES. Without limitation of the foregoing, FRANCHISEE shall cease to use all signs, advertising materials, displays, forms and any other items which display the TRADEMARKS or which identify the EQUIPMENT with the IP.

12.6.2. Cease to operate the LOCATION under this Agreement, and thereafter cease, directly or indirectly, representing to the public or holding itself out as a present or former iFLY franchisee.

12.6.3. Take such action as may be necessary to cancel any assumed name or equivalent registration which contains the mark “iFLY” or any other TRADEMARK, and furnish FRANCHISOR with satisfactory evidence of compliance within five (5) days after termination or expiration of this Agreement.

12.6.4. Not use any reproduction, counterfeit, copy or colorable imitation of the TRADEMARKS in connection with any other business, which is likely to cause confusion, mistake, or deception, or which is likely to dilute FRANCHISOR’s or its AFFILIATES’ rights in and to the TRADEMARKS, and not use any designation of origin or description or representation which falsely suggests or represents an association or connection with FRANCHISOR constituting unfair competition.

12.6.5. Immediately deliver to FRANCHISOR all MANUALS and other CONFIDENTIAL INFORMATION related to the operation of the LOCATION, and all copies thereof, all of which are acknowledged to be FRANCHISOR’s property, and retain no copy of any of the foregoing.

12.6.6. Comply with the restrictions against the disclosure of CONFIDENTIAL INFORMATION and against competition contained in Article 10. of this Agreement and cause any other person required to execute similar covenants pursuant to Article 10 to also to comply with such covenants.

12.6.7. Promptly pay all sums owing to FRANCHISOR and its AFFILIATES, and all damages, costs and expenses, including reasonable attorneys’ fees, incurred by FRANCHISOR as a result of any default by FRANCHISEE or in connection with obtaining injunctive or other relief for the enforcement of any provisions of this Section 12.5.

12.6.8. Subject to FRANCHISOR’s right of first refusal (which right shall survive the expiration or termination of this Agreement and shall be exercised as provided in Section 13.4), FRANCHISEE shall have the right to sell the EQUIPMENT and PRODUCTS and SERVICES to a buyer acceptable to FRANCHISOR (acceptance not to be unreasonably withheld or delayed), so long as said buyer executes a then-current iFLY franchise agreement and all related agreements then-currently required by FRANCHISOR. FRANCHISOR may withhold its consent, without limitation, if any of the conditions set forth in subsections 13.5.1 through 13.5.5 are not satisfied and in so doing will not be deemed to be acting unreasonably.

ARTICLE 13

13. TRANSFER RESTRICTIONS.

13.1. Transfer by FRANCHISOR. FRANCHISOR shall have the right to transfer or assign this Agreement and all or any part of its rights or obligations herein to any person or legal entity that assumes FRANCHISOR’s obligations hereunder without FRANCHISEE’s consent, and upon such transfer or assignment, the transferee or assignee shall be solely responsible for all FRANCHISOR’s obligations arising hereunder subsequent to the transfer or assignment. Without limitation of the foregoing, FRANCHISOR may sell its assets to a third party; may offer its securities privately or publicly; may merge with or acquire other entities or persons, or may be acquired by another entity or person; may undertake a refinancing, recapitalization, leveraged buyout or other economic or financial restructuring.

13.2. Transfers By FRANCHISEE That Effect A Change In Control. FRANCHISEE acknowledges that FRANCHISEE’s rights and duties under this Agreement are personal to FRANCHISEE and that FRANCHISOR has granted such rights in reliance on the business skill, financial capacity and character of FRANCHISEE and its OWNERS. Accordingly, without FRANCHISOR’s written consent, neither FRANCHISEE, nor any OWNER, nor any successor or assign of FRANCHISEE or any OWNER, shall sell, assign, transfer, convey, merge, give away, or otherwise dispose of any direct or indirect interest in this

Agreement, in the ATTRACTION, or in FRANCHISEE, whether or not such sale, assignment, transfer, conveyance, merger, gift, or disposition constitutes a transfer or assignment under applicable law, which effects a CHANGE IN CONTROL. Transfers that do not result in a CHANGE IN CONTROL shall be governed by Section 13.3. of this Agreement. Any purported assignment or transfer, by operation of law or otherwise, made in violation of this Agreement shall be null and void and shall constitute a material event of default. FRANCHISOR shall not unreasonably withhold its consent to a transfer that will constitute a CHANGE IN CONTROL but FRANCHISOR may require any or all of the following as conditions of its approval to any such transfer:

13.2.1. All accrued monetary obligations of FRANCHISEE and its AFFILIATES to FRANCHISOR and its AFFILIATES arising under this Agreement, or any other agreement, shall have been satisfied in a timely manner, and FRANCHISEE shall have satisfied all trade accounts and other debts of whatever nature or kind;

13.2.2. FRANCHISEE and its AFFILIATES shall not be in default of this Agreement, or any other agreement with FRANCHISOR or its AFFILIATES, and shall have substantially and timely complied with all the terms and conditions of such agreements during their respective terms;

13.2.3. The transferor and its owners, if applicable, shall have executed a general release, in a form satisfactory to FRANCHISOR, of any and all claims, against FRANCHISOR and its AFFILIATES, their respective officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees, past and present, in their corporate and individual capacities, including, without limitation, claims arising under this Agreement and any other agreement with FRANCHISOR or its AFFILIATES, and under federal, state or local laws, rules, and regulations or orders;

13.2.4. The transferee shall demonstrate to FRANCHISOR's satisfaction that it meets FRANCHISOR's then-current qualifications, and, at the transferee's expense, its Managing Owner and any other personnel required by FRANCHISOR shall complete any training programs then in effect for iFLY Locations upon such terms and conditions as FRANCHISOR may reasonably require;

13.2.5. The transferee shall, at its expense and within the time period reasonably required by FRANCHISOR, renovate and otherwise upgrade the ATTRACTION to conform to the then-current SYSTEM image, standards and specifications;

13.2.6. The transferee shall enter into a written agreement, in a form satisfactory to FRANCHISOR, assuming full, unconditional, joint and several, liability for, and agreeing to perform from the date of the transfer, all obligations, covenants and agreements of FRANCHISEE under this Agreement. If the transferee is a corporation, partnership, limited liability company or other entity, those of transferee's principals who are designated as controlling principals, also shall execute such agreement and guarantee the performance thereof;

13.2.7. The transferee shall execute FRANCHISOR's then-current form of franchise agreement for a term ending on the expiration date of this Agreement (including any renewal terms provided by this Agreement). The new franchise agreement shall supersede this Agreement in all respects and its terms may differ from the terms of this Agreement, including higher fees, but the transferee shall not be required to pay an initial franchise fee. If the transferee is a corporation, partnership, limited liability company or other entity, those of transferee's principals who are designated as controlling principals, also shall execute such agreement and guarantee the performance thereof;

13.2.8. The transferor shall remain liable for all of its obligations to FRANCHISOR under this Agreement incurred prior to the effective date of the transfer and shall execute any and all instruments reasonably requested by FRANCHISOR to evidence such liability;

13.2.9. FRANCHISEE shall pay FRANCHISOR a transfer fee of five thousand dollars (\$5,000 USD) and shall reimburse FRANCHISOR for its reasonable costs and expenses associated with the transfer, including, without limitation, legal and accounting fees; and

13.2.10. Transferee shall make all of the representations, warranties and covenants in Article 14. as FRANCHISOR may request, and shall provide evidence satisfactory to FRANCHISOR that such representations, warranties and covenants are true and correct as of the date of the transfer.

13.3. Transfers By FRANCHISEE That Do Not Effect A Change In Control. If any person holding an interest in this Agreement, the ATTRACTION, or in FRANCHISEE proposes to transfer such interest and such proposed transfer does not effect a CHANGE IN CONTROL, then FRANCHISEE shall promptly notify FRANCHISOR of such proposed transfer in writing and shall provide such information relative thereto as FRANCHISOR may reasonably request prior to the transfer. The transferee shall not be one of FRANCHISOR's competitors and may be required to execute a confidentiality agreement and ancillary covenants not to compete in the form then required by FRANCHISOR.

13.4. Right of First Refusal. Except with respect to a transfer pursuant to Section 13.3, if FRANCHISEE or any OWNER wishes to transfer any interest in this Agreement, the ATTRACTION, or FRANCHISEE, pursuant to any bona fide offer received from a third party to purchase such interest, then such proposed seller shall promptly notify FRANCHISOR in writing of the offer, and shall provide such information and documentation relating to the offer as FRANCHISOR may require. FRANCHISOR shall have the right and option, exercisable within thirty (30) days after receipt of such written notification and copies of all required documentation describing the terms of the offer, to send written notice to the seller that FRANCHISOR intends to purchase the seller's interest on the terms and conditions offered by the third party. If FRANCHISOR elects to purchase the seller's interest, closing shall occur on or before sixty (60) days from the later of the date of FRANCHISOR's notice to seller of its election to purchase and the date FRANCHISOR receives all necessary permits and approvals, or any other date agreed by the parties in writing. If the third-party offer provides for payment of consideration other than cash, FRANCHISOR may elect to purchase seller's interest for the reasonable cash equivalent. If the parties cannot agree within a reasonable time on the reasonable cash equivalent, then that amount shall be determined by two (2) appraisers. Each party shall select one (1) appraiser and the average of the appraisers' determinations shall be binding. Each party shall bear its own legal and other costs and shall share the appraisal fees equally. If FRANCHISOR exercises its right of first refusal, it shall have the right to set off all appraisal fees and other amounts due from FRANCHISEE to FRANCHISOR or any of its AFFILIATES. A material change in the terms of any offer prior to closing shall constitute a new offer subject to the same right of first refusal as an initial offer. FRANCHISOR's failure to exercise the option afforded by this Section 13.4. shall not constitute a waiver of any other provision of this Agreement, including all of the requirements of Section 13.2. Failure to comply with this Section 13.4. shall constitute a material event of default under this Agreement.

13.5. Death; Disability. FRANCHISEE or its representative shall promptly notify FRANCHISOR of any death or permanent disability subject to this Section 13.5. Any transfer upon death or permanent disability shall be subject to the following conditions, as well as to the conditions described in Section 13.5. for any inter vivos transfer.

13.5.1. Upon the death of FRANCHISEE (if FRANCHISEE is a natural person) or the death of any OWNER which would effect a CHANGE OF CONTROL (the "Deceased"), the executor, administrator or other personal representative of the Deceased shall transfer such interest to a third party approved by FRANCHISOR within twelve (12) months after the date of death. If no personal representative is designated or appointed or no probate proceedings are instituted with respect to the estate of the Deceased, then the distributee of such interest must be approved by FRANCHISOR. If the distributee is not approved by FRANCHISOR, then the distributee shall transfer such interest to a third party approved by FRANCHISOR within twelve (12) months after the death of the Deceased. Notwithstanding the foregoing, in circumstances where the Deceased is an OWNER, the transfer of the Deceased's interest to a trust established for the benefit of the Deceased's estate

shall be deemed to be a transfer to a third party approved by the FRANCHISOR, provided, that FRANCHISEE continues to operate its business in accordance with this Agreement under the supervision of a MANAGING OWNER approved by FRANCHISOR.

13.5.2. Upon the permanent disability of any MANAGING OWNER, FRANCHISOR may, in its sole discretion and upon written notice, require the interest of the MANAGING OWNER to be transferred to a new managing owner approved by FRANCHISOR within six (6) months after a determination of disability. During such six (6) month period, the ATTRACTION shall continue to be operated in accordance with this Agreement under the supervision of a person approved by FRANCHISOR. "Permanent disability" shall mean any physical, emotional or mental injury, illness or incapacity which would prevent a person from performing the obligations set forth in this Agreement for at least ninety (90) consecutive days or from which condition recovery within ninety (90) days from the date such injury, illness or incapacity is determined is unlikely. Permanent disability shall be confirmed by a licensed practicing physician selected by FRANCHISOR, upon examination of the person; or if the person refuses to submit to an examination, then such person automatically shall be deemed permanently disabled as of the date of such refusal. The costs of any examination required by this Section shall be paid by FRANCHISOR.

13.6 Securities Offering. The offering for sale of all or any portion of FRANCHISEE's stock or ownership interests in a private placement or on a public exchange and/or the subsequent sale of any number of shares of FRANCHISEE's stock or ownership interests on a public exchange and/or by private placement shall not constitute an assignment or other Transfer Transaction requiring the consent of FRANCHISOR under this Agreement, so long as such offering or sale does not, either alone or when aggregated with other offerings or sales occurring contemporaneously or as part of a series of related transactions, result in a CHANGE IN CONTROL. Notwithstanding the foregoing, FRANCHISEE shall give FRANCHISOR written notice at least thirty (30) days prior to the commencement of any offering covered by this Section 13.6. All offering materials shall be submitted to FRANCHISOR for review prior to being filed with any governmental agency or distributed for use. FRANCHISOR's review of the offering materials shall be limited solely to the subject of the relationship between FRANCHISEE and FRANCHISOR. No offering shall imply that FRANCHISOR is participating in an underwriting, issuance or offering of securities. FRANCHISOR may require the offering materials to contain a written statement prescribed by FRANCHISOR concerning the relationship of FRANCHISEE and FRANCHISOR. FRANCHISEE, its OWNERS and the other participants in the offering must fully indemnify FRANCHISOR, its AFFILIATES, their respective officers, directors, shareholders, partners, members, agents, representatives, and employees, past and present, in connection with the offering. For each proposed offering, FRANCHISEE shall reimburse FRANCHISOR for its reasonable costs and expenses (including, without limitation, legal and accounting fees) associated with reviewing the offering materials.

13.7 Grant of Security Interest. Neither FRANCHISEE nor any of its OWNERS shall pledge, mortgage, encumber or grant a security interest in this Agreement, the ATTRACTION, or any ownership interest in FRANCHISEE without FRANCHISOR's prior written consent, which will not be unreasonably withheld. In connection therewith, FRANCHISOR may condition its consent on the agreement of the secured party that, in the event of any default, FRANCHISOR shall have the right (but not the obligation) to cure such default.

13.8 No Waiver. FRANCHISOR's consent to the transfer of any interest described in this Article 13. shall not constitute a waiver of any claims which FRANCHISOR may have against the transferring party, nor shall it be deemed a waiver of FRANCHISOR's right to demand transferee's exact compliance with any of the terms of this Agreement.

13.9 FRANCHISOR's Option to Purchase the Franchised Business. Anything in this Agreement to the contrary notwithstanding, at any time during the Term of this Agreement (including, but not limited to, upon the occurrence of an EXIT TRANSACTION, as defined below), FRANCHISOR shall have the right and option (but no obligation) on not less than thirty (30) days prior written notice ("NOTICE") to FRANCHISEE either

(i) to require that FRANCHISEE transfer to FRANCHISOR the assets of the FRANCHISED BUSINESS (including, but not limited to the EQUIPMENT, SYSTEM AND PRODUCTS), subject to liabilities, or (ii) to require FRANCHISEE's OWNERS to sell to FRANCHISOR their ownership units in FRANCHISEE, for the PURCHASE PRICE and on the terms set forth below ("CALL OPTION").

13.9.1 The purchase price payable upon FRANCHISOR's exercise of the CALL OPTION (the "PURCHASE PRICE") shall be determined as follows: (a) if the FRANCHISED BUSINESS has been open and in operation for at least twelve (12) months as of the date of the NOTICE, six times (6x) the trailing twelve (12) months' EBITDA plus cash and cash equivalents (including deposits made to others and receivables owed by others) minus debt and debt equivalents (payables owed to others and gift cards issued and outstanding) (i.e., $\text{Purchase Price} = (6X \text{ EBITDA}) + (\text{cash} + \text{cash equivalents}) - (\text{debt} + \text{debt equivalents})$); or, (b) if the FRANCHISED BUSINESS has been open and in operation for less than twelve (12) months as of the date of the Notice, an amount equal to FRANCHISEE's REASONABLE COSTS incurred plus seven percent (7%) per annum from the OPENING DATE to the date of the NOTICE (i.e., $\text{Purchase Price} = \text{Reasonable Cost} + 7\% \text{ per annum}$). In the event of an EXIT TRANSACTION that is an IPO or any CALL OPTION which occurs after an IPO, FRANCHISEE may elect the PURCHASE PRICE to be paid in cash, or in FRANCHISEE's option, can elect to have all or any part of the PURCHASE PRICE paid in stock of the publicly-held entity, which, in the sole discretion of the FRANCHISOR, may or may not be RESTRICTED STOCK. As used herein, the following terms have the meaning given to them below:

- (i) EXIT TRANSACTION means: a decision by FRANCHISOR or its parent or other AFFILIATE to file for an initial public offering ("IPO"), explore a private sale to a third party, or initiate the acquisition of one or more franchisees.
- (ii) EBITDA means earnings before interest, tax, depreciation and amortization.
- (iii) REASONABLE COSTS mean the Initial Fee and all royalties paid under this Agreement, the purchase price(s) of the EQUIPMENT paid under the Equipment Purchase Agreement, and the actual cost to acquire the LOCATION and acquire or construct the ATTRACTION.
- (iv) RESTRICTED STOCK means stock that cannot be sold for a period of time or can only be sold subject to certain restrictions.

13.9.2 FRANCHISOR may assign its CALL OPTION to an AFFILIATE of FRANCHISOR. Following any such assignment, such AFFILIATE shall be a third-party beneficiary of this Section 13.9 and may enforce the obligations of FRANCHISEE and the OWNERS directly, in its own name.

13.9.3 Following completion of the transaction which is the subject of the CALL OPTION, FRANCHISEE and its OWNERS and AFFILIATES shall comply with the post-termination obligations set forth in Section 12.6 of this Agreement.

13.9.4 always prior to any exercise of the CALL OPTION, FRANCHISEE shall annually, within ninety (90) days following the end of each fiscal year, provide to FRANCHISOR annual audited financial statements prepared in accordance with U.S. generally accepted accounting principles.

13.9.5 FRANCHISEE shall cause each of its OWNERS to comply with this Section 13.9 and FRANCHISEE or its OWNERS, as appropriate, shall execute and deliver all agreements, certificates, affidavits and other documents FRANCHISOR requests to effect the CALL OPTION in accordance with this Agreement and applicable laws.

13.9.6 FRANCHISEE and its OWNERS shall not enter into any arrangement with any third party that would require such third party's approval of the transactions set forth herein or which may otherwise prevent or inhibit the ability of FRANCHISEE or its OWNERS to perform under this Section 13.9. In

furtherance of this Section 13.9, each OWNER of FRANCHISEE shall execute the OWNER'S Agreement set forth as Exhibit D-1.

ARTICLE 14

14. FRANCHISEE's REPRESENTATIONS, WARRANTIES AND COVENANTS

14.1 Independent Investigation. FRANCHISEE acknowledges that it has conducted a thorough independent investigation of the business contemplated by this Agreement and recognizes that the success of this business involves substantial risks and will largely depend upon the ability and efforts of FRANCHISEE. FRANCHISOR expressly disclaims making, and FRANCHISEE acknowledges that it has not received or relied on, any warranty or guarantee, express or implied, as to the potential volume, profits or success of the business venture contemplated by this Agreement.

14.2 Consultation with Advisors. FRANCHISEE acknowledges that FRANCHISEE has received, read and understands this Agreement and the related attachments, exhibits and agreements and that FRANCHISOR has afforded FRANCHISEE sufficient time and opportunity to consult with advisors selected by FRANCHISEE about the potential benefits and risks of entering into this Agreement.

14.3. FTC Rule Compliance. FRANCHISEE acknowledges that it received a complete copy of FRANCHISOR's Franchise Disclosure Document required by the Federal Trade Commission's Franchise Trade Regulation Rule (16 C.F.R. Part 436) within the time period required by applicable law, or is exempt from the disclosure requirements of such Rule.

14.4. FRANCHISOR's Obligations. FRANCHISEE acknowledges that it is relying solely on FRANCHISOR, and not on any affiliated entities or parent companies related to FRANCHISOR, with regard to FRANCHISOR's financial and other obligations under this Agreement, and no employee or other person speaking on behalf of, or otherwise representing, FRANCHISOR has made any statement or promise to the effect that FRANCHISOR's affiliated entities or parent companies guarantee FRANCHISOR's performance or financially back FRANCHISOR.

14.5 Organization. If FRANCHISEE is a business entity, FRANCHISEE is duly organized and validly existing under the law of the state of its formation; is duly qualified and is authorized to do business in each jurisdiction in which its business activities or the nature of the properties owned by it require such qualification; its corporate charter or written partnership or limited liability company agreement shall at all times provide that the activities of FRANCHISEE are confined exclusively to the operation of the franchised business; and the execution of this Agreement and the performance of the transactions contemplated hereby are within FRANCHISEE's corporate power, if FRANCHISEE is a corporation, or if FRANCHISEE is a partnership or a limited liability company, permitted under FRANCHISEE's written partnership or limited liability company agreement and have been duly authorized by FRANCHISEE.

14.6 Ownership; Managing OWNER. If FRANCHISEE is a business entity, the ownership interests in FRANCHISEE are accurately and completely described in Exhibit D. If FRANCHISEE is a corporation, FRANCHISEE shall maintain at all times a current list of all owners of record and all beneficial owners of any class of voting securities in FRANCHISEE or, if FRANCHISEE is a partnership, limited liability company or other form of legal entity, FRANCHISEE shall maintain at all times a current list of all owners of an interest in the partnership, limited liability company or other entity. FRANCHISEE shall make its list of OWNERS available to FRANCHISOR upon request. FRANCHISEE's MANAGING OWNER is also identified on Exhibit D.

14.7 Financial Matters. FRANCHISEE and, at FRANCHISOR's request each of FRANCHISEE's OWNERS, have provided FRANCHISOR with their most recent financial statements. Such financial statements present fairly the financial position of FRANCHISEE and each of its OWNERS, as applicable, at the

dates indicated therein and, with respect to FRANCHISEE, the results of its operations and its cash flow for the years then ended. Each of the financial statements are certified as true and correct and have been prepared in conformity with generally accepted accounting principles and, except as expressly described in the applicable notes, applied on a consistent basis. There are no material liabilities, adverse claims, commitments or obligations of any nature, whether accrued, unliquidated, absolute, contingent or otherwise, which are not reflected as liabilities on the financial statements. FRANCHISEE shall maintain at all times during the term of this Agreement sufficient working capital to fulfill its obligations under this Agreement. At FRANCHISOR's request, FRANCHISEE shall provide FRANCHISOR with any and all loan or other documents regarding the financing of its operations that FRANCHISOR may request.

ARTICLE 15

15. MISCELLANEOUS PROVISIONS.

15.1 Government Restrictions. Notwithstanding anything to the contrary herein, the obligations of the parties hereto shall be subject to all laws, both present and future, including those of any government having jurisdiction over either party hereto and/or the subject matter of this Agreement, and to acts, statutes, ordinances, orders, rules, guidelines, regulations, requirements, directions or requests of any such government, or any department, agency, or representative body thereof, or court of competent jurisdiction, and the parties hereto shall be excused from any inability or failure to perform or timely perform any obligation hereunder to the extent such inability or failure is caused by any such government, court, law, act, statute, ordinance, rule, guideline, requirement, order, regulation, direction or request.

15.2 Force Majeure. Upon the occurrence of an event of force majeure, the party affected thereby shall give prompt notice thereof to the other party, together with a description of the event, the duration for which the party expects its ability to comply with the provisions of the Agreement to be affected, and a plan for resuming operation under the Agreement, which the party shall promptly undertake and maintain with due diligence. Such affected party shall be liable for failure to give timely notice only to the extent of damage actually caused. Except as provided herein, neither party shall be held liable for a failure to comply with any terms and conditions of this Agreement when such failure is caused by an event of force majeure. As used herein, force majeure means acts of God, strikes, lockouts or other industrial disturbances, war, riot, pandemics, epidemics, or other viral outbreaks, fire, acts of terrorism, government restriction on travel, movement, and large gatherings, or other catastrophe or other forces beyond a party's control.

15.3 Binding Effect. This Agreement shall be binding upon and benefit the parties and any permitted successors or assignees of the parties.

15.4 Governing Law. Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 et seq.) or other federal law, this Agreement shall be construed, interpreted and applied according to the substantive laws of the state of Texas, without regard to its conflict of law rules, except that any law regulating the offer or sale of franchises or similar business opportunities will not apply unless its jurisdictional requirements are met independently without reference to this Section.

15.5 Nonwaiver. The waiver of either party of a breach or default in any of the provisions of this Agreement by the other party, shall not be construed as a waiver of any succeeding breach or default of the same or other provisions of this Agreement, nor shall any delay or omission on the part of either party to exercise or avail itself of any right, power or privilege that it has or may have hereunder, operate as a waiver of any such right, power or privilege.

15.6 Litigation; Venue. Any claim, action, suit, controversy, or dispute between FRANCHISOR (and its AFFILIATES and its and their respective owners, officers, directors, agents and employees, as applicable) and FRANCHISEE (and its and their respective owners, officers, directors, agents and employees, as applicable) arising out of or relating to this Agreement, any alleged breach hereof, or the relationship of the

parties created hereby, shall be brought and filed in the state or federal courts located in the Western District of Texas or Travis County, Texas, and each of the parties irrevocably submits to the exclusive jurisdiction of each such court(s) in any such claim, action, suit, controversy, or dispute arising out of or relating to this Agreement, waives any objection it may now or hereafter have to venue or to convenience of forum, agrees that all claims, actions, suits, controversies, or disputes arising out of or relating to this Agreement shall be heard and determined only in any such court(s), and agrees not to bring any claim, action, suit, controversy, or dispute arising out of or relating to this Agreement in any other court. The parties agree that either or both of them may file a copy of this paragraph with any court as written evidence of the knowing, voluntary and bargained agreement between the parties irrevocably to waive any objections to venue or to convenience of forum. Service of process in any proceeding referred to in the first sentence of this Section may be served on any party anywhere in the world.

15.7 Jury Waiver. FRANCHISOR AND FRANCHISEE HEREBY UNCONDITIONALLY AND IRREVOCABLY WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHT THEY MAY HAVE TO A JURY TRIAL IN ANY CLAIM, ACTION, SUIT, CONTROVERSY, OR DISPUTE ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT, THE RELATIONSHIP CREATED BY THIS AGREEMENT, OR ANY OTHER AGREEMENTS BETWEEN FRANCHISOR AND FRANCHISEE AND/OR THEIR RESPECTIVE AFFILIATES WHETHER NOW EXISTING OR HEREAFTER ARISING, AND WHETHER SOUNDING IN CONTRACT, TORT, OR OTHERWISE. THE SCOPE OF THIS WAIVER IS INTENDED TO BE ALL ENCOMPASSING OF ANY AND ALL CLAIMS, ACTIONS, SUITS, CONTROVERSIES, OR DISPUTES THAT MAY BE FILED IN ANY COURT. THE PARTIES AGREE THAT ANY OF THEM MAY FILE A COPY OF THIS PARAGRAPH WITH ANY COURT AS WRITTEN EVIDENCE OF THE KNOWING, VOLUNTARY AND BARGAINED FOR AGREEMENT AMONG THE PARTIES IRREVOCABLY TO WAIVE TRIAL BY JURY, AND THAT ANY PROCEEDING WHATSOEVER BETWEEN THEM RELATING TO THIS AGREEMENT SHALL INSTEAD BY TRIED IN A COURT OF COMPETENT JURISDICTION LOCATED IN TRAVIS COUNTY, TEXAS BY BENCH TRIAL BY A JUDGE SITTING WITHOUT JURY.

15.8 Damages Waiver. EXCEPT WITH RESPECT TO THE PARTIES' INDEMNIFICATION OBLIGATIONS PURSUANT TO ARTICLE 10., FRANCHISOR, FRANCHISEE AND FRANCHISEE'S 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, THE PARTY MAKING A CLAIM WILL BE LIMITED TO EQUITABLE RELIEF AND TO RECOVERY OF ANY ACTUAL DAMAGES IT SUSTAINS.

15.9 Cooperation. The parties shall promptly execute such other documents and to take such further actions and undertakings as may be reasonably necessary for the implementation and consummation of this Agreement.

15.10 Modification. This Agreement constitutes the entire understanding between the Parties with respect to the subject matter indicated above and supersedes any previous oral or written agreement between the parties hereto, save and except for exiting confidentiality or non-disclosure agreements. No modification, renewal, extension or waiver of this Agreement or any of the provisions of this Agreement shall be binding upon the party against whom enforcement of such modification, renewal, extension, or waiver is sought, unless made in writing, and signed by or on behalf of such party or by one of its duly authorized and empowered officers.

15.11 Notices. Any and all notices required or permitted under this Agreement shall either be in writing, personally delivered or mailed by expedited delivery service or certified or registered mail, return receipt requested, first-class postage prepaid, or a scan of a signed document transmitted by electronic mail

return receipt requested to the respective parties at the following addresses unless and until a different address has been designated by written notice to the other party:

Notices to FRANCHISOR: **IFLY FRANCHISING, LLC**
13265 N US 183 A
Austin, TX 78750
Email: legal@skyventure.com

Notices to FRANCHISEE and
the OWNERS: _____

Email: _____

Any notice shall be deemed to have been given at the time of personal delivery or, in the case of expedited delivery service, on the next business day, or, in the case of registered or certified mail, three (3) business days after the date and time of mailing, or, in the case of electronic mail, upon transmission (provided confirmation is confirmed).

15.12 Relationship. It is expressly agreed that the relationship created by this Agreement is not a fiduciary, special, or any other similar relationship, but rather is an arm’s-length business relationship, and FRANCHISOR owes FRANCHISEE no duties except as expressly provided in this Agreement. FRANCHISEE is an independent contractor, and nothing in this Agreement is intended to constitute either party an agent, legal representative, subsidiary, joint venturer, partner, employee, joint employer or servant of the other for any purpose. It is further agreed that FRANCHISEE has no authority to create or assume in FRANCHISOR’s name or on behalf of FRANCHISOR, any obligation, express or implied, or to act or purport to act as agent or representative on behalf of FRANCHISOR for any purpose whatsoever. FRANCHISEE shall not, under any circumstances, act or hold itself out as an agent or representative of FRANCHISOR. All employees hired by or working for FRANCHISEE shall be the employees of FRANCHISEE and shall not, for any purpose, be deemed employees of FRANCHISOR or subject to FRANCHISOR control. Each of the parties shall file its own tax, regulatory and payroll reports with respect to its respective employees and operations, saving and indemnifying the other party hereto of and from any liability of any nature whatsoever by virtue thereof. Neither shall have the power to bind or obligate the other except specifically as set forth in this Agreement.

15.13 Construction. The terms of all Exhibits hereto are hereby incorporated into and made a part of this Agreement as if the same had been set forth in full herein. All terms used in any one number or gender shall extend to mean and include any other number and gender as the facts, context, or sense of this Agreement or any article or Section hereof may require. As used in this Agreement, the words “include,” “includes” or “including” are used in a non-exclusive sense. Unless otherwise expressly provided herein to the contrary, any consent, approval, acceptance or authorization of FRANCHISOR which FRANCHISEE may be required to obtain hereunder may be given by email. In addition, such consent, approval, acceptance or authorization may be given or withheld by FRANCHISOR in its sole discretion, and on any occasion where FRANCHISOR is required or permitted hereunder to make any judgment, determination or use its discretion, including any decision as to whether any condition or circumstance meets FRANCHISOR’s standards or satisfaction, or is otherwise acceptable, FRANCHISOR may do so in its absolute sole subjective judgment and discretion. Neither this Agreement nor any uncertainty or ambiguity herein shall be construed or resolved against the drafter hereof, whether under any rule of construction or otherwise. On the contrary, this Agreement has been reviewed by all parties and shall be construed and interpreted according to the ordinary meaning of the words used so as to fairly accomplish the purposes and intentions of all parties hereto. FRANCHISOR and FRANCHISEE intend that if any provision of this Agreement is susceptible to two or more constructions, one of which would render the provision enforceable and the other or others of which would render the provision unenforceable, then the provision shall be given the meaning that renders it enforceable.

15.14 Multiple Originals. This Agreement may be executed by the parties in any number of counterparts and each fully executed copy shall be an original for all purposes, and all copies taken together shall be one Agreement.

15.15 Severability. If any provision of this Agreement shall be held by a court of competent jurisdiction to be illegal, invalid or unenforceable, the remaining provisions shall remain in full force and effect.

15.16 Approval or Consent. Whenever this Agreement requires the prior approval or consent of FRANCHISOR, FRANCHISEE shall make a timely written request to FRANCHISOR, and such approval or consent shall be obtained in writing. No waiver, approval, consent, advice or suggestion given to FRANCHISEE, and no neglect, delay or denial of any request therefor, shall constitute a warranty or guaranty by FRANCHISOR, nor does FRANCHISOR assume any liability or obligation to FRANCHISEE or any third party as a result thereof.

15.17 No Third-Party Beneficiary. Nothing in this Agreement is intended, or shall be deemed, to confer upon any person or legal entity other than FRANCHISEE, FRANCHISOR and such of FRANCHISEE's AND FRANCHISOR's respective successors and assigns as may be contemplated (and, as to FRANCHISEE, authorized by Article 14.), any rights or remedies under or as a result of this Agreement.

15.18 Survival. Any obligation of FRANCHISEE or the OWNERS that expressly or by its nature contemplates performance of such obligation after termination or expiration of this Agreement or the transfer of any interest of FRANCHISEE or the OWNERS therein, shall be deemed to survive such termination, expiration or transfer.

15.19 Recitals. The Recitals to this Agreement are hereby incorporated herein by this reference.

15.20 Delegation. FRANCHISEE agrees that FRANCHISOR will have the right in its discretion to delegate the performance of all or any portion of its obligations and duties under this Agreement to one or more designees, and in such event FRANCHISEE agrees to deal directly with any such designee in the manner that FRANCHISOR prescribes.

15.21 Entire Agreement. This Agreement (including the attachments and exhibits hereto) contains all of the terms and conditions agreed upon by the parties hereto with reference to the subject matter hereof. No other agreements oral or otherwise shall be deemed to exist or to bind any of the parties hereto and all prior agreements, understandings and representations are merged herein and superseded hereby. FRANCHISEE represents that there are no contemporaneous agreements or understandings relating to the subject matter hereof between the parties that are not contained herein. No officer or employee or agent of FRANCHISOR has any authority to make any representation or promise not contained in this Agreement or in any Franchise Disclosure Document for prospective franchisees required by law, and FRANCHISEE agrees that it has executed this Agreement without reliance upon any such representation or promise. This Agreement cannot be modified or changed except by written instrument signed by all of the parties hereto. Notwithstanding the foregoing, nothing in this Agreement shall disclaim or require FRANCHISEE to waive reliance on any representation that FRANCHISOR made in the most recent Franchise Disclosure Document (including its exhibits and amendments) that FRANCHISOR delivered to FRANCHISEE or its representative.

15.22 Release. By executing this Agreement, FRANCHISEE, for itself and on behalf of FRANCHISEE's OWNERS, officers, directors, managers, heirs, legal representatives, successors and assigns and any other person claiming by or through FRANCHISEE or them hereby forever releases and discharges FRANCHISOR, its AFFILIATES, and their respective officers, directors, employees and agents, from any and all claims relating to or arising under any agreement between the parties prior to the date of this Agreement including, but not limited to, any and all claims, whether presently known or unknown, suspected or unsuspected, arising under the franchise, securities or antitrust laws of the United States or of any state thereof,

but excluding claims based on any representation that Franchisor made in the most recent Franchise Disclosure Document (including its exhibits and amendments) that Franchisor delivered to Franchisee or its representative in connection with the offer of this Agreement, subject to agreed-upon changes to the contract terms described in that Franchise Disclosure Document and reflected in this Agreement (including any riders or addenda signed at the same time as this Agreement).

[Signature Page Follows]

THE FRANCHISE SALE IS FOR MORE THAN ONE MILLION TWO HUNDRED AND THIRTY-THREE THOUSAND DOLLARS (\$1,233,000), EXCLUDING THE COST OF UNIMPROVED LAND AND ANY FINANCING RECEIVED FROM FRANCHISOR OR ITS AFFILIATES, AND THUS IS EXEMPTED FROM THE FEDERAL TRADE COMMISSION'S FRANCHISE RULE DISCLOSURE REQUIREMENTS PURSUANT TO 16 CFR 436.8(a)(5)(i). AT LEAST ONE OF FRANCHISEE'S INDIVIDUAL OWNER'S INITIAL INVESTMENT IS IN EXCESS OF SUCH ONE MILLION TWO HUNDRED AND THIRTY-THREE THOUSAND DOLLARS (\$1,233,000).

Initials: _____ / _____

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed in their names, and by their proper and duly authorized officers or representatives, and is effective as of the date of the last signature set forth below.

FRANCHISOR:

FRANCHISEE:

IFLY FRANCHISING, LLC

By: _____

By: _____

Date: _____

Date: _____

Witness
Signature: _____

Witness
Signature: _____

GUARANTEE

GUARANTEE AND ASSUMPTION AGREEMENT

Each of the undersigned acknowledges and agrees as follows:

(1) Each has read the terms and conditions of the Franchise Agreement between IFLY FRANCHISING, LLC (“FRANCHISOR”) and _____ (“FRANCHISEE”) of even date herewith (“AGREEMENT”) and acknowledges that the execution of this Guarantee and Assumption Agreement (“GUARANTEE”) and the undertakings of the OWNERS herein and in the AGREEMENT are in partial consideration for, and a condition to the granting of the franchise, and that FRANCHISOR would not have entered into the AGREEMENT without the execution of this GUARANTEE and such undertakings by each of the undersigned.

(2) Each is included in the term “OWNER” as defined in the AGREEMENT.

(3) Each individually, jointly and severally, unconditionally and irrevocably guarantees to FRANCHISOR and its successors and assigns that all of FRANCHISEE’s obligations under the AGREEMENT will be punctually paid and performed. This GUARANTEE is a guaranty of payment, and not of collection. Upon default by FRANCHISEE or upon notice from FRANCHISOR, each will immediately make each payment and perform each obligation required of FRANCHISEE under the Franchise Agreement. Without affecting the obligations of any of the OWNERS under this GUARANTEE, FRANCHISOR may, without notice to the OWNERS, waive, renew, extend, modify, amend or release any indebtedness or obligation of FRANCHISEE or settle, adjust or compromise any claims that FRANCHISOR may have against FRANCHISEE. Each of the OWNERS waives all demands and notices of every kind with respect to the enforcement of this GUARANTEE, including, without limitation, notice of presentment, demand for payment or performance by FRANCHISEE, any default by FRANCHISEE or any guarantor and any release of any guarantor or other security for this GUARANTEE or the obligations of FRANCHISEE. FRANCHISOR may pursue its rights against any of the OWNERS without first exhausting its remedies against FRANCHISEE and without joining any other guarantor hereto and no delay on the part of FRANCHISOR in the exercise of any right or remedy shall operate as a waiver of such right or remedy, and no single or partial exercise by FRANCHISOR of any right or remedy shall preclude the further exercise of such right or remedy. Upon receipt by FRANCHISOR of notice of the death of any of the OWNERS, the estate of the deceased will be bound by the foregoing guaranty, but only for defaults and obligations under the AGREEMENT existing at the time of death, and in such event, the obligations of the remaining OWNERS shall continue in full force and effect.

(4) In addition, each of the undersigned individually, jointly and severally, makes all of the covenants, representations, warranties and agreements of FRANCHISEE and the OWNERS set forth in the AGREEMENT (including, without limitation, those set forth in Articles 8, 9, 10, 13, 14 and 15 (including, without limitation, Sections 15.6, 15.7 and 15.8, WHICH INCLUDE A NUMBER OF PROVISIONS THAT MAY AFFECT THE LEGAL RIGHTS OF THE UNDERSIGNED, INCLUDING A WAIVER OF JURY TRIAL, WAIVER OF PUNITIVE OR EXEMPLARY DAMAGES).

OWNERS

Name:

Name:

EXHIBIT A

LOCATION

The **LOCATION** is:

_____ [Insert Agreed to Location Address]

The **TERRITORY** is described below and on the attached map:

The geographic area defined by a circle with a radius of _____ (___) miles centered on the Location.

EXHIBIT B

ELECTRONIC TRANSFER PAYMENT INSTRUCTIONS

**iFLY Franchising, LLC
13265 US-183 A
Austin, Texas 78750**

Bank: [To Be Inserted]

Routing Number:

Account Name:

Account Number:

(please call to confirm instructions before making any transfers)

EXHIBIT C
STATEMENT OF GROSS SALES

Attn: iFLY Franchise Administration

Tel +1.512.674.9200

Fax +1.512.532.6065

FOR LOCATION: _____ for the period ending: _____

SALES	<u>Month</u>	<u>Year-to-date</u>
Individual Flight Tickets	_____	_____
Group or Bulk Sales	_____	_____
Other Flight Sales	_____	_____
Covered PRODUCTS	_____	_____
Gift Certificates Sold	_____	_____
Other Revenue (Describe)	_____	_____
TOTAL SALES	<hr/>	
Less Adjustments		
Returns and Refunds	_____	_____
Gift Certificates Redeemed	_____	_____
Coupons	_____	_____
Taxes included in sales above	_____	_____
Royalty Exempt PRODUCT	_____	_____
Other (Describe)	_____	_____
TOTAL ADJUSTMENTS	<hr/>	
GROSS SALES (as Defined in License Agreement)	<hr/>	
	<hr/>	
ROYALTY DUE – 7% OF ABOVE	<hr/>	
	<hr/>	
ADD ANY PAST DUE ROYALTY and/or INTEREST	<hr/>	
	<hr/>	
ROYALTY DUE	Check No. _____	Date _____

<p>I certify that (i) the above amounts are true and correct, and (ii) this statement has been prepared in accordance with the provision of the Purchase and License Agreement and is consistent with all prior statements.</p>		
_____	_____	
Name and Title	Date	

EXHIBIT D

OWNERS

The following is a list of all FRANCHISEE's OWNERS owning a direct or indirect interest in FRANCHISEE, and a description of the nature of their interest:

NAME	INTEREST IN FRANCHISEE	NATURE OF INTEREST
		Owner

FRANCHISEE's MANAGING OWNER is: _____

EXHIBIT D-1
OWNER'S AGREEMENT

This OWNER'S Agreement (this "Agreement") is made and entered into this __ day of _____, 2020 by the undersigned OWNERS for the benefit of FRANCHISOR, its successors and assigns.

The undersigned OWNERS acknowledge and agree as follows:

1. The undersigned are the OWNERS of _____ ("FRANCHISEE").

2. The undersigned has read the terms and conditions of the Franchise Agreement between IFLY FRANCHISING, LLC ("FRANCHISOR") and FRANCHISEE dated _____, 2020 (the "FRANCHISE AGREEMENT"), specifically including Section 13.9, "FRANCHISOR'S Option to Purchase the Franchised Business," and the undersigned OWNER agrees to comply with all of the provisions of such Section 13.9.

3. The undersigned acknowledges that the execution of this Agreement and the undertakings of the OWNERS herein are in partial consideration for, and a condition to the granting of, the franchise, and that FRANCHISOR would not have entered into the FRANCHISE AGREEMENT without the execution of this Agreement and such undertakings by the undersigned OWNERS.

OWNER

EXHIBIT E

Employee Confidentiality Agreement and Non-Compete Agreement

**CONFIDENTIALITY AGREEMENT AND
ANCILLARY COVENANTS NOT TO COMPETE**

This Agreement is made and entered into this [____] day of [_____], 20 [__] (the “Effective Date”), by and among iFLY Franchising, LLC, a Delaware limited liability company (“Franchisor”), [_____], a [_____] (“Franchisee”) and [_____], an individual (“Covenantor”).

RECITALS

WHEREAS, Franchisor has developed a system (the “System”) for the establishment and operation of vertical wind tunnels for indoor skydiving (“Franchised Business”) under the name and mark iFLY and other trademarks, service marks, logos and indicia of origin authorized by Franchisor (“Marks”); and

WHEREAS, the System includes certain Confidential Information (as defined below), which provides a competitive advantage to Franchisor and to all franchisees operating under the System and is not generally known to Franchisor’s competitors; and

WHEREAS, Franchisor has granted Franchisee the right to operate a Franchised Business located at [_____] (“Franchised Location”) under a franchise agreement by and between Franchisor and Franchisee dated [_____] (“Franchise Agreement”); and

WHEREAS, Franchisor and Franchisee have agreed in the Franchise Agreement on the importance to Franchisor, Franchisee and other licensed users of the System of restricting the use, access and dissemination of the Confidential Information; and

WHEREAS, Franchisee has agreed to take all reasonable steps to maintain the confidentiality and secrecy of the Confidential Information; and

WHEREAS, it will be necessary for certain employees, officers, directors and direct and indirect owners of Franchisee (“Covenantor”) to have access to and to use some or all of the Confidential Information in the management and operation of the Franchised Business at the Franchised Location; and

WHEREAS, Franchisee has agreed to obtain from those persons written agreements protecting the Confidential Information; and

WHEREAS, Covenantor wishes to remain, or to become, associated with or employed by Franchisee, and Covenantor wishes and needs to receive and use the Confidential Information in the course of his employment by or association with Franchisee; and

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

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

1. **Confidentiality Agreement**

a. **Confidentiality Obligations.**

- i. “Confidential Information” means current, updated, new, and future information which relates to the actual or anticipated business or research and development, technical data, trade secrets or know-how of Franchisor and its Affiliates, used in or related to the System or the operation of Franchised Businesses under the System, including, but not limited to, the manufacture, construction and sale of the equipment used in the Franchised Business, research, product plans, manuals or other information regarding the Franchisor’s products or services and markets therefor, customer lists and customers (including, but not limited to, the Franchisor’s/Franchisee’s customers on whom Covenantor called or with whom Covenantor became acquainted during the term of Covenantor’s employment) identifying information of customers, information on any Franchisor/Franchisee forms or documents pertaining to the identity of customers, software, developments, inventions, prices, and pricing methodology, processes, formulas, technology, designs, drawings, photos, videos, other recordings, engineering, hardware configuration information, marketing and advertising materials, Flight Techniques (as defined below) and training and know-how related thereto, finances or other business information.
- ii. Franchisor and/or Franchisee shall disclose to Covenantor some or all of the Confidential Information.
- iii. Covenantor shall receive the Confidential Information in confidence and shall, at all times, maintain it in the strictest confidence.
- iv. Covenantor shall not use, except for the benefit of Franchisee and/or Franchisor, any of the Confidential Information or disclose to any person, firm or corporation any of the Confidential Information except as authorized by Franchisee’s or Franchisor’s management in connection with Covenantor’s authorized duties on behalf of Franchisee, and then only pursuant to a written non-disclosure agreement that sufficiently protects the Confidential Information.
- v. Covenantor shall not at any time make copies of any documents or compilations containing some or all of the Confidential Information without Franchisor’s express written permission.

- vi. Covenantor shall surrender any and all materials containing some or all of the Confidential Information to Franchisee or Franchisor upon termination of Covenantor's employment by or association with Franchisee, or earlier upon request, and shall not retain any copies or extracts thereof in any form.
 - vii. Covenantor shall not at any time, directly or indirectly, commit any act or omit to take any action that would, or would likely, be injurious or prejudicial to the goodwill associated with the Confidential Information and the System.
 - viii. Covenantor acknowledges that all manuals provided pursuant to the Franchise Agreement: (a) contain Confidential Information, (b) are loaned by Franchisor to Franchisee for the limited purpose of operating the Franchised Business in accordance with the Franchise Agreement, and (c) remain the property of Franchisor and may not be reproduced, in whole or in part, without Franchisor's written consent.
- b. **Provision of Confidential Information and Specialized Training.** Franchisor has agreed to provide Franchisee and its employees with specialized training that will enable Franchisee and its employees to optimize the performance of their duties. Covenantor agrees and acknowledges that through this specialized training, he/she will learn confidential and proprietary methods, information, know-how and techniques related to indoor skydiving ("Flight Techniques"), which Franchisor and/or its Affiliates have devoted significant time and expense to developing. Covenantor agrees and acknowledges that the Flight Techniques are Confidential Information.
- c. **Former Employer Information.** During his/her employment by or association with Franchisee, Covenantor agrees not to improperly use, disclose, or induce Franchisee or Franchisor to use any confidential or proprietary information or trade secrets of any former or concurrent employer or other person or entity. Covenantor agrees that any concurrent employment must satisfy the requirements of Section 3(a) below. Covenantor further agrees not to bring onto the premises of Franchisee or Franchisor any confidential or proprietary information or trade secrets belonging to any such employer, person or entity unless consented to in writing by Franchisee, Franchisor and such employer, person or entity.

2. **Inventions**

- a. **Assignment of Inventions.** Covenantor agrees to promptly make full written disclosure to the Franchisor, to hold in trust for the sole right and benefit of the Franchisor, and to hereby assign to the Franchisor, or its designee, all Covenantor's right, title, and interest in and to any and all inventions, original works of authorship, developments, concepts, improvements, designs, discoveries, ideas, trademarks or trade secrets, whether or not patentable or registrable under copyright or similar laws, which Covenantor may solely or jointly conceive or develop or reduce to practice, or cause to be conceived or

developed or reduced to practice, during the period of time Covenantor is employed by or associated with Franchisee or any other Franchised Business (collectively, "Inventions"), except as provided in Section 2(f) below. Covenantor further acknowledges that, except as provided in Section 2(f) below, all original works of authorship which are made by Covenantor (solely or jointly with others) within the scope of and during the period of Covenantor's employment by or association with Franchisee and which are protectable by copyright are "works made for hire" as that term is defined in the United States Copyright Act and shall be deemed to have been commissioned by Franchisor. Covenantor agrees that any such "works made for hire" will be assigned to and owned by Franchisor. Covenantor understands and agrees that the decision whether or not to commercialize or market any Invention is within the Franchisor's sole discretion and for the Franchisor's sole benefit and that no royalty will be due to Covenantor as a result of the Franchisor's efforts to commercialize or market any such Invention. If for any reason, such assignment is not effective, then Covenantor hereby grants to Franchisor a nonexclusive, royalty-free, fully paid-up, irrevocable, perpetual, transferable, sublicensable, worldwide license to reproduce, make derivative works of, distribute, perform, display, import, make, have made, modify, use, sell, offer to sell, and exploit in any other way such Invention.

- b. **Inventions Retained and Licensed.** Covenantor has attached hereto as Exhibit A a list describing all inventions, original works of authorship, developments, improvements and trade secrets that were made, and are owned in whole or in part, by Covenantor prior to employment by or association with Franchisee, related to Franchisee's and/or Franchisor's proposed business, products or research and development ("Prior Inventions"); or, if no such list is attached or if Exhibit A is unsigned, Covenantor represents that there are no such Prior Inventions. Covenantor agrees not to incorporate, or permit to be incorporated, any Prior Invention into a product, process or service used in or related to the Franchised Business or System without Franchisor's prior written consent. If Covenantor violates the preceding agreement (whether or not intentionally), Covenantor hereby grants to the Franchisor a nonexclusive, royalty-free, fully paid-up, irrevocable, perpetual, transferable, sublicensable, worldwide license to reproduce, make derivative works of, distribute, perform, display, import, make, have made, modify, use, sell, offer to sell, and exploit in any other way such Prior Invention as part of or in connection with such product, process or service, and to practice any method related thereto.
- c. **Inventions Assigned to the United States.** Covenantor agrees to assign to the United States government all Covenantor's right, title, and interest in and to any and all Inventions whenever such full title is required to be in the United States by a contract between the Franchisor and the United States or any of its agencies.
- d. **Maintenance of Records.** Covenantor agrees to keep and maintain adequate, current, accurate, and authentic written records of all Inventions made by Covenantor (solely or jointly with others) during the term of Covenantor's employment by or association with Franchisee. The records will be in the form of

notes, sketches, drawings, electronic files, reports, or any other format that may be specified by Franchisee or Franchisor. The records are and will be available to and remain the sole property of the Franchisor at all times.

- e. **Patent and Copyright Registrations.** Covenantor agrees to assist the Franchisor, or its designee, at the Franchisor's expense, in every proper way to secure the Franchisor's rights in any Inventions and any copyrights, patents, mask work rights or other intellectual property rights relating thereto in any and all countries, including, but not limited to, the disclosure to Franchisor of all pertinent information and data with respect thereto, the execution of all applications, specifications, oaths, assignments and all other instruments that the Franchisor deems necessary in order to apply for and obtain such rights and in order to assign and convey to the Franchisor, its successors, assigns, and nominees the sole and exclusive rights, title and interest in and to such Inventions, and any copyrights, patents, mask work rights or other intellectual property rights relating thereto. Covenantor's obligation to execute or cause to be executed, when it is in Covenantor's power to do so, any such instrument or papers shall continue after the expiration or termination of this Agreement. If the Franchisor is unable because of Covenantor's mental or physical incapacity or for any other reason to secure Covenantor's signature to apply for or to pursue any application for any United States or foreign patents or copyright registrations covering any Inventions or original works of authorship assigned to the Franchisee as above, then Covenantor hereby irrevocably designates and appoints the Franchisor and its duly authorized officers and agents as Covenantor's agent and attorney in fact, to act for and in Covenantor's behalf and stead to execute and file any such applications and to do all other lawfully permitted acts to further the prosecution and issuance of letters patent or copyright registrations thereon with the same legal force and effect as if executed by Covenantor.
- f. **Exception to Assignments.** Covenantor understands that the provisions of this Agreement requiring assignment of Inventions to Franchisor do not apply to any Invention that Covenantor has developed entirely on Covenantor's own time without using the Franchisor's or Franchisee's equipment, supplies, facilities, trade secrets or other Confidential Information (an "Other Invention") except for those Other Inventions that either (i) relate at the time of conception or reduction to practice of such Other Invention to the Franchisor's business, or actual or demonstrably anticipated research or development of the Franchisor or (ii) result from any work that Covenantor performed for Franchisee. Covenantor shall advise Franchisee promptly in writing of any Invention that Covenantor believes constitutes an Other Invention and is not otherwise disclosed on Exhibit A. Covenantor will not incorporate, or permit to be incorporated, any Other Invention owned by Covenantor or in which Covenantor has an interest into a product, process or service used in or related to the Franchised Business or System without the Franchisor's prior written consent. If Covenantor violates the preceding agreement (whether or not intentionally), Covenantor hereby grants to the Franchisor a nonexclusive, royalty-free, fully paid-up, irrevocable, perpetual, transferable, sublicensable, worldwide license to reproduce, make derivative works of, distribute, perform, display, import, make, have made, modify, use, sell,

offer to sell, and exploit in any other way such Other Invention as part of or in connection with such product, process or service, and to practice any method related thereto.

3. **Conflicting Employment.**

- a. **Current Obligations.** During the term of Covenantor's employment by or association with Franchisee, Covenantor will not engage in or undertake any other employment, occupation, consulting relationship, or commitment that is related to the business in which the Franchisee or Franchisor is now involved or becomes involved or has plans to become involved, nor will Covenantor engage in any other activities that conflict with Covenantor's obligations to Franchisee or Franchisor.
 - b. **Prior Relationships.** Without limiting Section 3(a) above, Covenantor represents that he/she has no other agreements, relationships, or commitments to any other person or entity that conflict with Covenantor's obligations to Franchisee or Franchisor under this Agreement or Covenantor's ability to become associated with or employed by Franchisee and to perform the services for which Covenantor is being hired by Franchisee. Covenantor agrees that if he/she has signed a confidentiality agreement or similar type of agreement with any former employer or other entity, Covenantor will comply with the terms of any such agreement to the extent that its terms are lawful under applicable law. Covenantor represents and warrants that after undertaking a careful search (including searches of Covenantor's computers, cell phones, electronic devices, and documents), Covenantor has returned all property and confidential information belonging to all prior employers. Moreover, Covenantor agrees to fully indemnify Franchisee and Franchisor, their directors, officers, agents, employees, investors, shareholders, administrators, affiliates, divisions, subsidiaries, predecessor and successor corporations, and assigns for all verdicts, judgments, settlements, and other losses incurred by any of them resulting from any breach of Covenantor's obligations under any agreement to which Covenantor is a party or obligation to which Covenantor is bound, as well as any reasonable attorneys' fees and costs if the plaintiff is the prevailing party in such an action, except as prohibited by law.
4. **Solicitation of Employees.** Covenantor agrees that for a period of one (1) year immediately following the termination of Covenantor's relationship with Franchisee for any reason, whether with or without cause, with or without notice, and whether at the option either of Franchisee or Covenantor, Covenantor will not, either directly or indirectly, solicit, induce, recruit or encourage any of Franchisee's or Franchisor's employees to leave their employment, or hire or take away such employees, or attempt to solicit, induce, recruit, encourage, hire or take away employees of Franchisee or Franchisor, either for Covenantor's business or for any other person or entity. This restriction is limited to any Franchisee or Franchisor employee that Covenantor had contact with during Covenantor's employment or with whom Covenantor had knowledge of by virtue of Covenantor's access to Confidential Information.

5. **Interference.** Covenantor agrees that during the course of Covenantor's employment by or association with Franchisee and for a period of one (1) year immediately following the termination of Covenantor's relationship with Franchisee for any reason, whether with or without cause, with or without notice, and whether at the option either of Franchisee or Covenantor, Covenantor will not, either directly or indirectly, interfere with Franchisee's or Franchisor's customer relationships.

6. **Covenants Not to Compete**

a. Covenantor agrees that during the course of his/her employment by or association with Franchisee and for a period of one (1) year immediately following the termination of Covenantor's relationship with Franchisee for any reason, whether with or without cause, with or without notice, and whether at the option either of Franchisee or Covenantor, Covenantor will not, either directly or indirectly, for itself or in cooperation with, or in any manner that solicits or assists, others: (i) serve as an advisor, agent, consultant, director, employee, officer, partner, proprietor or otherwise of, (ii) have any ownership interest in (except for passive ownership of one percent (1%) or less of any entity whose securities have been registered under the Securities Act of 1933, as amended, or Section 12 of the Securities Exchange Act of 1934, as amended) or (iii) participate in the organization, financing, operation, management or control of, any business that is the same as or similar to an iFLY business as conducted at any time during the course of Covenantor's employment by or association with Franchisee, including, without limitation, any business that manufactures, sells or operates, or grants franchises or licenses to others to manufacture, sell or operate, wind tunnels for entertainment, educational, training or other similar purposes. The foregoing covenant shall cover Covenantor's activities in every part of the Territory, as defined herein, to the extent permitted by applicable law. "Territory" shall mean: (i) all cities and counties in which any Franchisee, Franchisor, or Franchised Business facilities are operated during Covenantor's association with or employment by Franchisee, (ii) all states of the United States of America in which Covenantor performed non-trivial work, and (iii) all other countries of the world in which Covenantor performed non-trivial work; provided that, with respect to clauses (ii) and (iii), Franchisee, Franchisor, or any Franchised Business maintains non-trivial operations, facilities, or customers in such geographic area prior to the date of the termination of Covenantor's relationship with Franchisee.

b. Covenantor acknowledges and agrees that his/her fulfillment of the obligations contained in this Agreement, including, but not limited to, (i) Covenantor's obligation neither to use, except for the benefit of the Franchised Business, or to disclose the Confidential Information and (ii) Covenantor's obligation not to compete contained in subsection (a) above is necessary to protect the Confidential Information and to preserve the Franchisor's value and goodwill. Covenantor further acknowledges the time, geographic and scope limitations of Covenantor's obligations under subsection (a) above are reasonable, especially in light of the Franchisee's and Franchisor's desire to protect the Confidential Information, and that Covenantor will not be precluded from gainful employment if he/she is

obligated not to compete with the iFLY business during the period and within the Territory as described above.

- c. The covenants contained in subsection (a) above shall be construed as a series of separate covenants, one for each city, county and state of any geographic area in the Territory. Except for geographic coverage, each such separate covenant shall be deemed identical in terms to the covenant contained in subsection (a) above. If, in any judicial or arbitration proceeding, a court or arbitrator refuses to enforce any of such separate covenants (or any part thereof), then such unenforceable covenant (or such part) shall be eliminated from this Agreement to the extent necessary to permit the remaining separate covenants (or portions thereof) to be enforced. In the event the provisions of subsection (a) above are deemed to exceed the time, geographic or scope limitations permitted by applicable law, then such provisions shall be reformed by the court or arbitrator to cover the maximum time, geographic or scope limitations, as the case may be, then permitted by such law.
7. **Returning Franchisee Documents.** Upon separation from employment by or association with Franchisee or on demand by Franchisee or Franchisor during the period of such employment or association, Covenantor agrees to deliver immediately to the Franchisee and/or Franchisor (and will not keep in his/her possession, recreate or deliver to anyone else) any and all Franchisee and/or Franchisor property, including, but not limited to, any property containing any or all of the Confidential Information, as well as all devices and equipment belonging to Franchisee or Franchisor (including computers, handheld electronic devices, telephone equipment, and other electronic devices), Franchisee or Franchisor credit cards, records, data, notes, notebooks, reports, files, proposals, lists, correspondence (including emails and any other electronic correspondence), specifications, drawings, blueprints, sketches, materials, photographs, charts, any other documents and property, and reproductions of any and all of the aforementioned items that were developed by Covenantor pursuant to his/her employment by or association with Franchisee, obtained by Covenantor in connection with his/her employment by or association with Franchisee, or otherwise belonging to Franchisee or Franchisor, their successors, or assigns, including, without limitation, those records maintained pursuant to Section 2(d).
 8. **Remedies.** Covenantor agrees that in the event of a breach of this Agreement, Franchisee and Franchisor would be irreparably injured and be without an adequate remedy at law. Therefore, in the event of such a breach, or threatened or attempted breach, Covenantor agrees that Franchisee and Franchisor shall, in addition to any other remedies which are available at law or in equity, be entitled to a temporary and/or permanent injunction and a decree for the specific performance of the terms of this Agreement, without the necessity of showing actual or threatened harm and without being required to furnish a bond or other security.
 9. **Violation; Disciplinary Matters.** Covenantor understands that any breach of this Agreement or violation of Franchisee and/or Franchisor policies by Covenantor, including any unauthorized use or disclosure of the Confidential Information during

Covenantor's employment may lead to disciplinary action, up to and including immediate termination and may further result in legal action by Franchisee and/or Franchisor.

10. **Notices.** All notices and demands required to be given hereunder shall be in writing and shall be personally delivered or mailed by expedited delivery service or certified or registered mail, return receipt requested, first-class postage prepaid, or by electronic mail (provided that the sender confirms the electronic mail by sending an original confirmation copy by expedited delivery service or certified or registered mail within three (3) business days after transmission), to the respective parties at the following addresses unless and until a different address has been designated by written notice to the other parties.

If directed to Franchisor, the notice shall be addressed to:

IFLY FRANCHISING LLC
13265 US-183 A
Austin, Texas 78750
Attention: Legal Department
Email: legal@iflyworld.com

If directed to Franchisee, the notice shall be addressed to:

Attention: _____
Email: _____

If directed to Covenantor, the notice shall be addressed to:

Attention: _____
Email: _____

Any notice shall be deemed to have been given at the time of personal delivery or, in the case of expedited delivery service on the next business day, or, in the case of registered or certified mail three (3) business days after the date and time of mailing, or, in the case of electronic mail, upon transmission (provided confirmation is sent by expedited delivery service or registered or certified mail as provided above). Any change in the foregoing addresses shall be effected by giving fifteen (15) days written notice of such change to the other parties.

11. General Provisions.

- a. **Governing Law; Consent to Personal Jurisdiction.** Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 et seq.) or other federal law, this Agreement shall be construed, interpreted and applied according to the substantive laws of the state of Texas, without regard to its conflict of law rules,
- b. **Entire Agreement.** This Agreement, together with the Exhibits herein, sets forth the entire agreement and understanding between the parties relating to the subject matter herein and supersedes all prior discussions or representations between the parties, including, but not limited to, any representations made during Covenantor's interview(s) or relocation negotiations, whether written or oral, and any previously executed proprietary information agreements. No modification of or amendment to this Agreement, nor any waiver of any rights under this Agreement, will be effective unless in writing signed by the Franchisee, Franchisor (by its Chief Executive Officer or President) and Covenantor. Any subsequent change or changes in my duties, salary or compensation will not affect the validity or scope of this Agreement.
- c. **Severability.** In the event that any provision of this Agreement, or any portion thereof, becomes or is declared by a court of competent jurisdiction or arbitrator to be illegal, unenforceable or void, this Agreement shall continue in full force and effect without said provision or portion of said provision.
- d. **Successors and Assigns.** This Agreement will be binding upon Covenantor's heirs, executors, administrators and other legal representatives and will be for the benefit of Franchisor, Franchisee, and their successors and assigns. The rights and remedies of Franchisor under this Agreement are fully assignable. The respective obligations of Franchisee and Covenantor hereunder may not be assigned by Franchisee or Covenantor, without the prior written consent of Franchisor.
- e. **Waiver.** Waiver by Franchisee and/or Franchisor of a breach of any provision of this Agreement will not operate as a waiver of any other or subsequent breach.
- f. **Survivorship.** The rights and obligations of the parties to this Agreement will survive termination of Covenantor's employment by or association with Franchisee.
- g. **Construction.** The language used in this Agreement will be deemed to be the language chosen by the parties to express their mutual intent and no rules of strict construction will be applied against either party.
- h. **Counterparts.** This Agreement may be executed in any number of counterparts, each of which shall be enforceable, and all of which together shall constitute one agreement.

- i. **Commercially Reasonable Efforts.** Franchisee shall use all commercially reasonable efforts to ensure that Covenantor complies with this Agreement. Notwithstanding the foregoing, Franchisee and Covenantor agree that Franchisor shall be entitled independently to enforce this Agreement.
- j. **Costs and Fees.** Covenantor agrees to pay all expenses (including court costs and reasonable attorneys' fees) incurred by Franchisee and Franchisor in enforcing this Agreement. Notwithstanding the foregoing, Franchisor may recover its costs incurred in enforcing this Agreement from Franchisee without the necessity of first making demand upon or bringing an action against Covenantor.

12. Covenantor acknowledges and agrees to each of the following items:

- a. If Covenantor is an employee of Franchisee, Covenantor acknowledges and agrees that Covenantor is not employed by Franchisor and that Covenantor's sole employer is Franchisee; and
- b. Covenantor is executing this Agreement voluntarily and without any duress or undue influence by Franchisee and/or Franchisor or anyone else; and
- c. Covenantor has carefully read this Agreement. Covenantor has asked any questions needed for Covenantor to understand the terms, consequences and binding effect of this Agreement and fully understand them; and
- d. Covenantor has been provided an opportunity to seek the advice of an attorney of Covenantor's choice before signing this Agreement.

[Signature Page Follows]

IN WITNESS WHEREOF, the undersigned have entered into this Agreement as of the Effective Date.

FRANCHISOR:
iFLY Franchising, LLC

By:

Name:

Title:

FRANCHISEE:

[_____]

By:

Name:

Title:

COVENANTOR:

Signature

Printed Name

EXHIBIT A

PRIOR INVENTIONS

[To be provided, if applicable]

If you have Prior Inventions, please list them in the space below. If you do not have any Prior Inventions or you would like to include additional Prior Inventions on separate pages, check the appropriate box at the bottom of the page.

<u>Title</u>	<u>Date</u>	<u>Identifying Number or Brief Description</u>
--------------	-------------	--

Check the following as applicable:

All of my Prior Inventions are listed above.

I have no Prior Inventions.

I have attached additional sheets describing my Prior Inventions.

Signature of Covenantor: _____

Type or Print Name of Covenantor: _____

Date: _____

EXHIBIT C
EQUIPMENT PURCHASE AGREEMENT

EQUIPMENT PURCHASE AGREEMENT

THIS PURCHASE AGREEMENT (the “Agreement”) is made and entered into between **SKYVENTURE, LLC**, a Delaware limited liability company, having an address of 13265 US-183 A, Austin, Texas 78750 (hereinafter called “SELLER”), and _____, a _____ company having an address of _____ (hereinafter called “BUYER”), further identified at the signature line below.

RECITALS

WHEREAS, SELLER manufactures and sells vertical wind tunnels; and

WHEREAS, BUYER desires to purchase a vertical wind tunnel from SELLER, and specifically the equipment listed on Exhibit A (the “EQUIPMENT,” as further defined below); and

WHEREAS, BUYER (as “FRANCHISEE”) and IFLY FRANCHISING, LLC (as “FRANCHISOR”) are entering into a FRANCHISE AGREEMENT of even date herewith for the operation of the EQUIPMENT using the iFLY trademark and business system, as described in the FRANCHISE AGREEMENT.

NOW, THEREFORE, in consideration of the covenants herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the parties hereto, it is agreed as follows:

ARTICLE 1

DEFINITIONS

“**AFFILIATE**” means any natural person or business entity that directly or indirectly controls or is controlled by or is under common control with SELLER or BUYER, as applicable, or with respect only to BUYER, any natural person or business entity that holds ten percent (10%) or more of the equity of BUYER.

“**CONFIDENTIAL INFORMATION**” means any information marked as confidential by SELLER and all KNOW-HOW (whether or not marked confidential). CONFIDENTIAL INFORMATION shall also include all information subject to any Non-Disclosure Agreement entered into by SELLER (or its AFFILIATES) and BUYER (or BUYER’s AFFILIATES or representatives). CONFIDENTIAL INFORMATION shall not include information that is generally known by the public or that is otherwise in the public domain (so long as such information did not become public by violation of this Agreement or the Non-Disclosure Agreement).

“**EQUIPMENT**” as used herein shall mean any and all machinery, structures, components, apparatus and/or parts identified on Exhibit A (attached hereto and incorporated herein by reference) but specifically excludes all items listed in Exhibit A as “Not Included”.

“**IP**” means all CONFIDENTIAL INFORMATION, KNOW-HOW and all other intellectual property developed for or used in connection with the EQUIPMENT, including all patents, copyrights, trademarks, trade names, service marks, logos and commercial symbols, and all derivations and modifications thereof and thereto.

“KNOW-HOW” means and includes any and all inventions, developments, formulas, processes, improvements, discoveries, technical information relating to the EQUIPMENT or SYSTEM (as defined in the FRANCHISE AGREEMENT) (including but not limited to inventions, developments, formulas, processes, improvements, discoveries, technical data, drawings, renderings, models, trade secrets, performance data, software, specifications, production techniques, the MANUALS (as defined in the FRANCHISE AGREEMENT), marketing materials or the like) which SELLER authorizes for use in connection with the SYSTEM, whether developed before or during the TERM of this Agreement; provided, that KNOW-HOW shall specifically exclude any software developed by BUYER at its sole expense and without material assistance from SELLER. KNOW HOW shall also include, but is not limited to: guidance on how to price, package, and market the indoor skydiving experience; maintenance checklists; information provided at project workshops; commissioning protocols; VWT (as defined in the FRANCHISE AGREEMENT) manuals and installation support manuals; training videos and other videos related to the education program; processes and instructions for processing waivers for classes visiting the facility; sales related information, techniques and documents, including those related to increasing sales and to conveying the benefits of various features; flight manifest logs; group sales contracts and booking forms; education curriculum for students visiting the facility; guidance on staffing and rotations, including allocation of time to instructors during rotations; materials provided at SELLER conferences attended by BUYER and/or licensee representatives; suggested management structures; guidance and criteria for choosing a site; guidance and instructions on dealing with permitting authorities, health and safety officials, landlords, insurers and banks; advice and guidance on how to select, brief and engage with construction firms, architects and engineers; guidance related to staff and employee issues (including but not limited to how to recruit, train, schedule, compensate and manage employees, what levels of instructors to hire, desirable qualities for staff and instructors, how to staff tunnels at various times depending on demand and other factors); guidance on how to layout the building, both internally and externally, to allow for best customer flow, including the layout and features of the tunnel area, gear up, control booth, and surround area; guidance on how to mix the different types of customers; how to train first time customers; guidance on best practices for presenting indoor skydiving to the market and related marketing guidance; process for use of wristbands to track customers; guidance on the design and use of the control booth computer and related features; guidance on the electronic waiver system, including suggested waiver language and how to track waivers; guidance on best processes for customer bookings and how to manage customer bookings; or any other practical knowledge of how to operate an indoor skydiving facility.

“PURCHASE PRICE” as used herein shall mean the total due from BUYER for the EQUIPMENT and any selected options identified in Paragraph 2.1 below. It does not include any federal excise or other federal, state or local taxes (whether imposed by the United States or any state or local authority); freight; transmittal fees; value added taxes; design or installation of the foundations; installation of the EQUIPMENT; construction of outbuildings; or lighting for the EQUIPMENT or other items specifically excluded in Exhibit A.

“TUNNEL EQUIPMENT” as used herein shall mean that portion of the EQUIPMENT that make up the vertical wind tunnel as specifically identified on Exhibit A. TUNNEL EQUIPMENT excludes that portion of the Equipment that is comprised of services, training and opening items such as flights suits, helmets, and ear plugs.

ARTICLE 2

EQUIPMENT PURCHASE

2.1 Equipment and Options. BUYER hereby agrees to purchase the EQUIPMENT from SELLER upon the terms and conditions contained herein. Options selected by BUYER and included in the PURCHASE PRICE are: **Insert Options or write “None”**

2.2 Purchase Price. The PURCHASE PRICE of the EQUIPMENT (items specifically included pursuant to Exhibit A plus the options listed in Paragraph 2.1 above) is: \$ _____ USD.
_____ / _____

The PURCHASE PRICE of the EQUIPMENT is net EXW (Ex Works) SELLER's fabrication/staging facilities. Separate from and in addition to the PURCHASE PRICE, BUYER is solely responsible for any applicable federal excise or other federal, state or local taxes (whether imposed by the United States or any state or local authority); loading; packing; crating; freight; transmittal fees; value added taxes; design or installation of the foundations; installation of the EQUIPMENT; construction of outbuildings; or lighting for the EQUIPMENT as set forth in Exhibit A. The PURCHASE PRICE is based on SELLER's current prices and shall apply up to and including the Tender Date (as defined below), as long as this Agreement is executed by BUYER and returned to SELLER within seven (7) days following the date SELLER signs this Agreement. In the event that this Agreement is not executed by BUYER and returned to SELLER by the above referenced date, SELLER may, without notice to the BUYER, adjust the PURCHASE PRICE set forth in this Agreement.

2.3 Payment Terms. The PURCHASE PRICE shall be paid to SELLER by BUYER as follows:

2.3.1 BUYER shall pay the sum of \$_____ [Insert 50% of Purchase Price] USD (the "Deposit") to SELLER by certified funds or telegraphic transfer (see Exhibit B). BUYER agrees to initiate the wire of the full Deposit plus the initial fee under the Franchise Agreement within five (5) days of the Effective Date of this Agreement and BUYER will provide SELLER with the Federal ID number of the wire within such five (5) day period. SELLER must be in receipt of the full Deposit plus the initial fee under the Franchise Agreement no later than ten (10) days from the Effective Date of this Agreement ("Deposit Due Date"). Following receipt of the Deposit, and not before, Seller will start manufacturing the EQUIPMENT and the one hundred eighty (180) calendar day period governing SELLER's Tender of the TUNNEL EQUIPMENT (as set forth and defined in Article 3 below) will commence. If for any reason BUYER fails to pay the Deposit by the Deposit Due Date, then this Agreement shall terminate.

2.3.2 Upon SELLER's Tender of the TUNNEL EQUIPMENT to BUYER, and BUYER's Acceptance of the TUNNEL EQUIPMENT (defined below) and once BUYER has been afforded a reasonable opportunity to inspect the TUNNEL EQUIPMENT, BUYER shall pay SELLER the sum of \$_____ [Insert final 50% of Purchase Price] USD (which constitutes the balance of the PURCHASE PRICE) by certified funds or telegraphic transfer (see Exhibit B) before shipment or pick up of any Tunnel Equipment.

2.4 Seller's Right to Secure Payment. If at any time prior to full payment of the PURCHASE PRICE BUYER's financial responsibility, in SELLER's reasonable judgment, becomes impaired or BUYER evidences an inability to pay its debts as they mature, SELLER may, at its sole option, and without limiting any remedies it may have pursuant to applicable law, require BUYER to do any one of the following to secure its remaining payment obligations hereunder: (1) place the balance due on Tender into an escrow account created for that purpose with instructions mutually agreeable to both SELLER and BUYER; (2) execute and deliver to SELLER an unconditional, irrevocable letter of credit issued in favor of SELLER in the amount equal to the balance due on Tender (in the form set forth in Exhibit C attached and issued by a solvent, nationally-recognized money center bank incorporated in the United States); or, (3) produce a bond in a form mutually agreeable to both SELLER and BUYER guaranteeing BUYER's payment of the balance due on Tender.

2.5 SELLER's Additional Remedy: BUYER acknowledges that the EQUIPMENT identified to this Agreement is not readily resalable due to the nature of and market for the EQUIPMENT, and therefore, if BUYER fails to pay the PURCHASE PRICE as it comes due or wrongfully rejects or revokes BUYER's Acceptance of the EQUIPMENT or otherwise breaches this Agreement with respect to the EQUIPMENT, then SELLER may terminate this Agreement and immediately recover the PURCHASE PRICE from BUYER. In such case, SELLER shall use its best efforts to affect a resale of the EQUIPMENT. In the event BUYER has paid the PURCHASE PRICE to SELLER as required hereunder and SELLER is able to _____ / _____

affect a resale of the EQUIPMENT within six months of termination of this Agreement, the amount received by SELLER on the resale of the EQUIPMENT, up to the PURCHASE PRICE, shall be refunded to BUYER. SELLER's remedies hereunder shall not be exclusive but shall be cumulative upon all other rights and remedies allowed or allowable under this Agreement or by law. Further, in the event of any breach of this Agreement or default in the obligations hereunder, the non-prevailing party agrees to pay all costs and expenses incurred by the prevailing party in enforcing the Agreement including reasonable attorneys' fees and litigation expenses.

ARTICLE 3

EQUIPMENT TENDER AND ACCEPTANCE

3.1 Delivery. Delivery is EXW (Ex Works) SELLER's staging facilities in the USA, Mexico and CHINA. SELLER shall deliver the TUNNEL EQUIPMENT by tendering it to BUYER at SELLER's staging facilities along with a written certification that all TUNNEL EQUIPMENT is present and in good working order (hereinafter referred to as "SELLER's Tender of the Equipment"). The TUNNEL EQUIPMENT shall be deemed to have been accepted by BUYER (hereinafter referred to as "BUYER's Acceptance of the TUNNEL EQUIPMENT") five (5) calendar days after SELLER's Tender of the TUNNEL EQUIPMENT (the "Inspection Period") unless prior to expiration of the Inspection Period BUYER provides SELLER with written notice that all or a portion of the TUNNEL EQUIPMENT has been rejected by BUYER, which notice shall expressly state those components of the TUNNEL EQUIPMENT that BUYER deems unacceptable, the reason such components are unacceptable, and the actions that SELLER needs to take to render such components acceptable.

3.2 Tender Period and Tender Date. SELLER shall have one hundred eighty (180) calendar days after receipt of the Deposit to tender the TUNNEL EQUIPMENT. This period shall be referred to herein as the "Tender Period"; the last day of the Tender Period shall be referred to herein as the "Tender Date". All risk of delay, loss or damage that occurs after tender of the TUNNEL EQUIPMENT, including damage that might occur during delivery, shall be borne solely by the BUYER.

3.3 Penalty for Seller's Delay or Failure to Certify. In the event that SELLER fails to tender the TUNNEL EQUIPMENT on or before the Tender Date or to certify that all TUNNEL EQUIPMENT is present and in good working order (and such failure is not caused by acts or omissions of BUYER), SELLER shall discount the ultimate price of the TUNNEL EQUIPMENT by an amount equal to \$250.00 multiplied by the number of days SELLER is late tendering the TUNNEL EQUIPMENT. Should SELLER be delayed by reason of breach on the part of BUYER, (including BUYER's failure to take those steps needed to transport the TUNNEL EQUIPMENT within one week of the Tender Date), then SELLER shall not be required to discount the PURCHASE PRICE for late tender and the entire balance of the PURCHASE PRICE shall become due on the Tender Date. In the event SELLER is unable to complete SELLER's Tender of the TUNNEL EQUIPMENT to BUYER for any reason caused by BUYER, the balance of the PURCHASE PRICE shall be immediately due and payable to SELLER from BUYER, and SELLER shall be entitled to recover from BUYER any and all fees, costs and/or expenses incurred by SELLER for storing and/or insuring the TUNNEL EQUIPMENT until BUYER takes possession of and arranges for the transport of the TUNNEL EQUIPMENT.

ARTICLE 4

WARRANTY & DISCLAIMER

4.1 Seller's Warranty. In lieu of all other remedies, SELLER shall, at SELLER's option, either replace or repair any of the EQUIPMENT or part thereof found to be defective in material or workmanship under normal use within one year from the date of SELLER's Tender of the EQUIPMENT. SELLER's obligation is limited to replace or repair such EQUIPMENT or part thereof, if delivered, shipping charges _____ / _____

prepaid, to a location designated by SELLER within thirty days after return is authorized. Said authorization or rejection shall be given by SELLER to BUYER within ten (10) days of written notice of the defect by BUYER and SELLER shall render warranty services as soon as practicable. This warranty will not apply if the EQUIPMENT has been subjected to material abuse, misuse, neglect, accident, improper installation or assembly or application, negligence in use, storage, transportation or handling, nor shall this warranty apply to any EQUIPMENT which has been materially repaired or altered by anyone other than SELLER without SELLER's express written consent. If the BUYER is unable to operate part or all of the EQUIPMENT due to a defect covered under this warranty, no MINIMUM ROYALTY shall accrue under the FRANCHISE AGREEMENT during the interruption of operation while BUYER, SELLER or an agent of either dismantles, ships, repairs or replaces, returns and installs the affected part of the EQUIPMENT pursuant to this warranty provision.

4.2 Disclaimer. SELLER and BUYER are both capable of deciding upon and negotiating the warranties each extends to the other. For that reason, **EXCEPT TO THE EXTENT PROVIDED IN PARAGRAPH 4.1 ABOVE, SELLER MAKES NO WARRANTIES WHATSOEVER, EXPRESS OR IMPLIED WITH RESPECT TO THE MERCHANTABILITY, SUITABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OF THE EQUIPMENT (OR ANY PART THEREOF) OR OTHERWISE; NOR DOES SELLER WARRANT THAT THE EQUIPMENT WILL COMPLY WITH THE STANDARDS OR REQUIREMENTS OF, OR ANY SAFETY CODES OR REGULATIONS OF, ANY ORGANIZATION OR GOVERNMENTAL AGENCY.**

4.3 Damages Waiver. **IN NO EVENT SHALL SELLER BE LIABLE FOR SPECIAL, INDIRECT, INCIDENTAL OR CONSEQUENTIAL DAMAGES, WHICH SHALL INCLUDE, BUT NOT BE LIMITED TO, ANY LOST REVENUES AND/OR PROFITS, FOR ANY REASON, INCLUDING, BUT NOT LIMITED TO, SELLER'S FAILURE TO COMPLY WITH THE TENDER REQUIREMENTS AND/OR ANY OTHER PROVISION OF THIS AGREEMENT, EVEN IF SELLER HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH CLAIMS.**

ARTICLE 5

INTELLECTUAL PROPERTY; INDEMNITY

5.1 IP Rights. BUYER agrees that it will not take any action, directly or indirectly, that would prejudice or interfere with the rights of SELLER or its AFFILIATES in and to the IP and, without limitation, will not contest or assist others to contest the validity of the IP, attack the rights of SELLER or its AFFILIATES in and to the IP, or modify, duplicate or reverse engineer the EQUIPMENT or any component part thereof. BUYER shall cooperate with SELLER, at SELLER's sole expense, in the protection, enforcement and pursuit of the IP. Any unauthorized use of the IP shall constitute an infringement of SELLER's or its AFFILIATES' rights in the IP. If a final determination is made by a court of competent jurisdiction that BUYER has violated this Section 5.1, BUYER agrees that it will pay all actual costs and disbursements incurred by SELLER or its AFFILIATES.

5.2 Indemnity. BUYER hereby agrees to indemnify and hold harmless SELLER, its AFFILIATES, and their respective owners, officers, employees, and agents from and against any losses, claims or damages, whether direct, indirect, incidental or consequential, including legal fees and litigation costs and expenses, arising from or incurred by them as a result of BUYER's breach of any representation or covenant set forth in this Agreement, and/or the installation, maintenance, upgrade and operation of the EQUIPMENT, and/or any unauthorized modifications or improvements thereto, whether employed or implemented by or on behalf of BUYER directly or for use by others. BUYER shall have sole control over the pursuit, prosecution and/or defense of any claim the subject matter of which is here called upon to provide indemnification, including the appointment of counsel for the parties hereto; provided, however, such counsel must be acceptable to SELLER (approval not to be unreasonably withheld or delayed); and provided further that BUYER shall not admit any liability, or compromise or otherwise settle any claim,

without first obtaining SELLER'S express written consent, which consent will not be unreasonably withheld or delayed. Nothing contained herein shall prevent SELLER from appointing independent counsel to represent SELLER's interests in any matter or action as to which BUYER is here called upon to provide indemnification; provided, however, that all legal and/or litigation costs and expenses incurred directly by SELLER as a result of such appointment shall not be the responsibility of BUYER.

5.3 Survival. The terms of this Article 5 shall survive the execution of this Agreement and the Tender of the EQUIPMENT.

ARTICLE 6

MISCELLANEOUS PROVISIONS

6.1 Government Restrictions. Notwithstanding anything to the contrary herein, the obligations of the parties hereto shall be subject to all laws, both present and future, including those of any government having jurisdiction over either party hereto and/or the subject matter of this Agreement, and to acts, statutes, ordinances, orders, rules, guidelines, regulations, requirements, directions or requests of any such government, or any department, agency, or representative body thereof, or court of competent jurisdiction, and the parties hereto shall be excused from any inability or failure to perform or timely perform any obligation hereunder to the extent such inability or failure is caused by any such government, court, law, act, statute, ordinance, rule, guideline, requirement, order, regulation, direction or request.

6.2 Force Majeure. Neither party shall be liable for any loss, damage or injury whatsoever, whether direct, indirect, incidental or consequential, to the extent arising or resulting from any cause which is beyond the reasonable control of the party, including but not limited to delay or inability to deliver because of fire, casualty, labor troubles, acts of civil or military authorities, pandemics, epidemics, or other viral outbreaks, flood, hurricane, material shortages, government restriction on travel, movement, and large gatherings, or any other reason beyond such party's reasonable control.

6.3 Assignment.

6.3.1 This Agreement shall not be assignable by BUYER without the express written consent of SELLER, which consent shall not be unreasonably withheld or delayed, so long as the prospective assignee executes a then current iFLY franchise agreement containing substantially the same terms as the FRANCHISE AGREEMENT. SELLER may withhold its consent, and in so doing will not be deemed to be acting unreasonably, if SELLER in the exercise of reasonable business judgment determines that the prospective assignee has insufficient business reputation or experience, or that the financial condition of the prospective assignee is inadequate to fulfill the obligations of the Franchise Agreement (notwithstanding that BUYER may remain liable). It is understood and agreed that the express written consent of SELLER shall be required before assignment to an AFFILIATE of BUYER or a successor of BUYER or of all or substantially all of the relevant (to this Agreement) assets of BUYER. In the event that this Section 6.3.1 is determined to be unenforceable, BUYER agrees to take such actions as SELLER may require to protect its interests, including, without limitation, offering SELLER a right of first refusal to purchase the EQUIPMENT and/or prior to any sale to a third party, removing all trademarks and other indicia identifying the EQUIPMENT with SELLER or its AFFILIATES.

6.3.2 SELLER may assign, in whole or in part, any and all rights and obligations of SELLER recited herein, provided that such assignment shall in no manner adversely affect BUYER's rights and entitlements under this Agreement. This Agreement shall be binding upon and benefit the contracting parties, their successors and permitted assignees.

6.4 Governing Law. This Agreement shall be construed, interpreted and applied according to the substantive laws of the State of Texas.

6.5 Litigation. Should a claim, action, suit, controversy, or dispute over this Agreement or any of its terms or provisions arise, the parties agree that such situations shall be resolved in accordance with the procedures set forth in the FRANCHISE AGREEMENT, including Sections 15.6 and 15.7.

6.6 Nonwaiver. The waiver of either party of a breach or default in any of the provisions of this Agreement by the other party, shall not be construed as a waiver of any succeeding breach or default of the same or other provisions of this Agreement, nor shall any delay or omission on the part of either party to exercise or avail itself of any right, power or privilege that it has or may have hereunder, operate as a waiver of any such right, power or privilege.

6.7 Cooperation. The parties shall promptly execute such other documents and to take such further actions and undertakings as may be reasonably necessary for the implementation and consummation of this Agreement.

6.8 Modification. This Agreement constitutes the entire understanding between the parties with respect to the subject matter indicated above and supersedes any previous oral or written agreement between the parties hereto, save and except for existing confidentiality or non-disclosure agreements. No modification, renewal, extension or waiver of this Agreement or any of the provisions of this Agreement shall be binding upon the party against whom enforcement of such modification, renewal, extension, or waiver is sought, unless made in writing, and signed by or on behalf of such party or by one of its duly authorized and empowered officers.

6.9 Counterpart Execution. This Agreement may be executed by the parties in any number of counterparts and each fully executed copy shall be an original for all purposes, and all copies taken together shall be one Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed in their names, and by their proper and duly authorized officers or representatives, and is effective as of the date of the last signature set forth below (the “Effective Date”).

SELLER:

BUYER:

SKYVENTURE, LLC,
13265 US-183 A
Austin, TX 78750

By: _____

By: _____

DATE: _____

DATE: _____

By: _____

DATE: _____

DATE: _____

EXHIBIT A

[Insert Equipment Description Included in Agreement]

SCHEDULE 1

REQUIREMENTS APPLICABLE TO TUNNEL COMMISSIONING

- Seller will provide onsite personnel to Start-up and Commission the Wind Tunnel. During commissioning, Buyer will supply two local staff members for support and training.
 - If Buyer does not wish to supply local staff members, they can request the Seller to supply additional onsite support pursuant to the terms and conditions set forth in the attached **Schedule 3 - Rates Applicable to Additional Services at Buyer's Locations**.
 - Commissioning teams may include but may not be limited to, the Tunnel Project Manager, Installation Technician, and a Fan Balancer.
- Buyer is responsible to pay for all travel expenses (including, without limitation, flights, ground transportation, lodging/hotels, and meals) for Seller's Commissioning personnel. Travel requirements are detailed in the attached **Schedule 2 - Travel Requirements**.
- Seller must receive notification of commissioning mobilization at least 4 weeks in advance. Seller cannot guarantee the availability of personnel with less than 4 weeks' notice.
 - Emergency mobilizations will be billed to Buyer at Emergency Service rates as detailed in the attached **Schedule 3 - Rates Applicable to Additional Services at Buyer's Locations**
- Buyer shall ensure the tunnel is available to the commissioning team for 15 business days. These days will be uninterrupted by other construction activities, trades, or utilities issues.
- If Seller's personnel are not able to perform commissioning activities due to delays not caused by Seller, Buyer will be billed for Standby or Idle Days in accordance with the attached **Schedule 3 - Rates Applicable to Additional Services at Buyer's Locations**.
- Before requesting commissioning mobilization, Buyer shall ensure the following items are complete by the start of system commissioning:
 - Permanent power is connected and available for use up to the maximum loads provided in the Seller's specifications
 - All tunnel components are assembled and installed in accordance with the documentation provided by Seller. All tunnel components, interfaces and structure creating the wind tunnel pressure envelope is sealed.
 - All controls wiring is pulled and landed in accordance with the documentation provided by Seller.
 - The building is "Dried-in" so that tunnel components and Seller's personnel are protected from outside elements.
 - The chilled water system is installed, flushed, connected, and ready for use without interruption during commissioning.
 - All debris has been removed from the tunnel flowpath and the flowpath has been cleaned in accordance to documentation provided by Seller.
 - Area or room that houses the Fan VFDs and other electrical equipment is climate controlled so that equipment does not overheat.
- Seller reserves the right to request appropriate evidence of preparedness for commissioning activities.
- It is recommended that the Buyer request a pre-commission visit from the Seller to help in determining commissioning readiness. This is additional support to be paid for by Buyer and will be provided by the Seller in accordance with **Schedule 3 - Rates Applicable to Additional Services at Buyer's Locations**.

SCHEDULE 2

TRAVEL REQUIREMENTS

- Buyer is responsible for the payment of all travel expenses, including Rest Days*, for all of Seller's personnel or representatives. Any travel arrangements/accommodations not provided and paid for directly by the Buyer will be reimbursed to the Seller. Reimbursable items include but are not limited to:
 - Flights and Ground Transportation
 - Lodging/Hotels
 - Meals
 - Any necessary Visas, Duties, Medical Exams, or other requirements to enter country

*Rest Days is defined as follows:

- Days outside the a normal 5-day business week.
- Air and Ground Transportation will be by business class for any leg that exceeds eight hours in length. Seller retains the right to veto any flight choice due to excessive layovers, connections, or overall travel time.
 - Seller is not responsible for any travel delays out of its control.
 - Lodging will be International Business Standard with 3 stars rating with access to food or dining, access to laundry facilities, security, and stable communications (wifi/internet access).
 - Seller reserves the right to relocate employees placed in sub-standard lodging at Buyer's expense.
 - If Buyer provides a driver, Buyer will send a picture of driver in advance of arrival.
 - Seller Safety Policy:
 - Seller will adhere to the highest international standards of safety
 - Seller's personnel will attend or participate in all safety training offered by the Buyer
 - Provided appropriate training, Seller's personnel will comply with all safety protocols and procedures while onsite
 - Seller's personnel have the right and responsibility to halt and report any act they deem unsafe
 - Seller's personnel reserve the right to evacuate a site they determine is unsafe after providing notice to Seller's onsite agent
 - Seller's personnel reserve the right to postpone travel to a site or evacuate a site due to social or political unrest, natural disasters, or security concerns
 - SkyVenture Standard Terms and Conditions of Sale apply
 - Payment Terms Net 30 days

SCHEDULE 3
RATES APPLICABLE TO ADDITIONAL SERVICES AT BUYER'S LOCATIONS

ALL RATES ARE IN US DOLLARS

Definition	United States	International
For services provided during a normal 5-day business week between the hours of 7:00AM and 5:00PM.	\$1000.00/Day	\$1000.00/Day
	Travel and living expenses at cost.	
For services provided during a normal 5-day business week in excess of 8 hours per day or before 7:00AM or after 5:00PM. Not to exceed an additional 4 hours per day.	\$150.00/Hour	\$187.50/Hour
	Travel and living expenses at cost.	
For services provided beyond a normal 5-day business week OR for Emergency Service**	\$1,200.00/Day	\$1,500.00/Day
	Travel and living expenses at cost.	
For services provided on US Public Holidays	\$1,600/Day	\$2,000/Day
	Travel and living expenses at cost.	
Travel Days will be billed door-to-door at the appropriate rate on the specific day of travel.	75% of the above rates	
Standby or Idle Days* will be billed at the appropriate rate on the specific day of the week in which it occurs.	Per above rates	

* Standby or Idle Days is defined as follows:

- An individual is requested to remain on site, in town, or in country when their ability to provide direct support activities is being impeded by others.
- Access to areas of the equipment and/or machine, are not made available for checkout/troubleshooting by the service engineer.
- An individual is requested to remain at the customer's facility or close by on an "on call" basis to provided support on site.

** Emergency Service is defined as follows:

- Any service requested with less than 3 weeks' notice.

- Seller cannot guarantee the availability of resources with less than three weeks' notice.
- Buyer is responsible for the payment of all travel related expenses as detailed in the attached **Schedule 2 - Travel Requirements**.
- SkyVenture Standard Terms and Conditions of Sale apply
- Payment Terms Net 30 days
- The rates contained herein shall be fixed until one (1) calendar year after Tunnel Acceptance; after which time the Seller may change such rates by providing written notice of such changes to Buyer.

EXHIBIT B

TELEGRAPHIC TRANSFER INFORMATION

**SkyVenture, LLC
13265 US-183 A
Austin, Texas 78750**

Bank: [To Be Inserted]

Routing Number:

Account Name:

Account Number:

EXHIBIT C

FORM OF LETTER OF CREDIT

[Date]

SkyVenture, LLC
6034 West Courtyard Drive, Suite 135
Austin, TX 78730

Dear Sir or Madame:

At the request and for the account of _____ (“Applicant”), we hereby establish our Irrevocable Letter of Credit for the benefit of **SkyVenture, LLC** (“Beneficiary”), in the aggregate amount of _____ **U.S. Dollars** (\$_____).

Funds under this Letter of Credit may be drawn down by Beneficiary, upon presentation of the following at the office of the undersigned located at Los Angeles, California, or any successor location which is the main office of the undersigned in the City of Los Angeles, California:

- (1) The original of this Letter of Credit;
- (2) A written statement purportedly signed by an authorized officer, member or other party or parties authorized to execute documents on behalf of Beneficiary under the terms of its governing documents, certifying either (a) that the amount of the accompanying draft represents and covers monies that Beneficiary currently has the right to draw under the referenced letter of credit pursuant to that certain SkyVenture Purchase Agreement by and between Beneficiary and _____ (“BUYER”) dated as of _____, or (b) that BUYER has failed to deliver a replacement letter of credit within thirty (30) days prior to such expiration date; and
- (3) A sight draft executed and endorsed by an authorized officer, member or other party or parties authorized to execute documents on behalf of Beneficiary under the terms of its governing documents.

Partial and multiple drawings are permitted under this Letter of Credit. All banking charges under this Letter of Credit are for the account of the Applicant.

This Letter of Credit is transferable in its entire undrawn balance to a successor beneficiary upon presentation by Beneficiary of the original of this Letter of Credit and a written request for transfer, executed by Beneficiary in the form of Annex A attached.

Partial draws are permitted. The amount of each draft must be endorsed on the reverse hereof by the negotiating bank. We hereby agree that this Letter of Credit shall be duly honored upon presentation and delivery of the certification specified above without inquiry as to the accuracy thereof and regardless of whether Applicant disputes the content of any such certification.

This Letter of Credit shall expire on _____.

Notwithstanding the above expiration date of this Letter of Credit, the term of this Letter of Credit shall be automatically renewed, without written amendment, for successive, additional one-year (1-year) periods unless, at least sixty (60) days prior to any such date of expiration, the undersigned shall give written notice to Beneficiary, by certified mail, return receipt requested and at the address set forth above or at such other address as may be given to the undersigned by Beneficiary, that this Letter of Credit will not be renewed.

This Letter of Credit is subject to the Uniform Customs and Practice for Documentary Credits (1993 Revision), International Chamber of Commerce Publication No. 500 (UCP 500), and is otherwise governed by the law of the State of Texas, USA.

Very truly yours,

(Name of Issuing Bank)

By: _____

Name: _____

Title: _____

By: _____

Name: _____

Title: _____

Annex A
Irrevocable Standby Letter of Credit _____
Date. _____

LETTER OF CREDIT TRANSFER INSTRUCTIONS
(Page 1 of 2)

Attention: _____

Date: _____

Re: Irrevocable Standby Letter of Credit No. _____, dated _____."

Ladies and Gentlemen:

For value received, the undersigned beneficiary ("Beneficiary") hereby irrevocably transfers to:

Name of Transferee)

(Address)

"Transferee") all rights of Beneficiary to draw under the above letter of credit ("Letter of Credit") and Transferee shall have sole rights as beneficiary thereof, including without limitation sole rights relating to any amendments thereto, whether increases or extensions or other amendments and whether now existing or hereafter made. In connection with the foregoing, Beneficiary hereby irrevocably agrees and instructs you (a) that Beneficiary does not retain any right to refuse to allow you to advise to Transferee any amendment to the Letter of Credit, (b) that all future amendments to the Letter of Credit are to be advised directly to Transferee without necessity of any consent of or notice to Beneficiary, and (c) that there will be no substitution of Beneficiary's draft(s) and/or other documents for those presented to you by Transferee.

We enclose herewith the original Letter of Credit (and all original amendments thereto dated on or prior to the date of these Transfer Instructions) and, together with Transferee, request that you transfer the Letter of Credit to Transferee by reissuing the Letter of Credit in favor of the Transferee with provisions consistent with the Letter of Credit.

Enclosed is our remittance for USD _____ representing your transfer commission in accordance with your published schedule of charges currently in effect. In addition, we agree to pay to you on demand any expenses that may be incurred in connection with this transfer.

Very truly yours,

(Name of Beneficiary)

(Authorized Signature)

SIGNATURE AUTHENTICATED

The above signature with title as stated conforms with that on file with us and is authorized for the execution of this instrument.

(Name of Bank)

(Authorized Signature, Name and Title)

ACKNOWLEDGED AND ACCEPTED this
_____ day of _____, _____

(Name of Transferee)

(Authorized Signature, Name and Title)

EXHIBIT D
ICRS SOFTWARE LICENSE AGREEMENT

SOFTWARE LICENSE AGREEMENT

This Software License Agreement ("Software License") is entered into between IFLY Franchising, LLC ("Licensor") and _____ ("Licensee") pursuant to a franchise agreement of even date by and between Licensor and Licensee ("Franchise Agreement") under which Licensee will operate an iFLY ATTRACTION as described in the Franchise Agreement.

1. Licensor hereby grants to Licensee a nonexclusive, nonassignable license to use the computer programs, in object code form, listed in the schedule to this Software License (the "Software," including the related user and operating manuals). The schedule may be updated from time to time by Licensor to include enhancements, upgrades or replacements ("Enhancements") to the Software, which Licensor will make available to Licensee from time to time at a reasonable cost.

2. Upon execution of this Software License, Licensee agrees to pay Licensor an initial software license fee of \$65,000.00. Beginning on the 15th day of the month 60 days prior to the expected start of commercial operations and continuing each month thereafter throughout the term of this Software License, Licensee agrees to pay Licensor a monthly license fee. The current monthly license fee is \$4,250.00 per month. Licensee acknowledges that the monthly license fee includes basic and routine support and maintenance by Licensor. In the event that Licensee requests support or services that, in the judgment of Licensor, is custom or specific to Licensee, then Licensee shall pay to Licensor a custom support fee equal to \$200 per hour. Storage fees for Licensee's or its customers data, photos, videos, waivers and other information are not included in this Software License and must be paid for by Licensee. Licensor may increase the ongoing license fee or hourly service fee upon thirty (30) days written notice to Licensee. In addition, Licensor reserves the right to change, modify or revise the Software, including eliminating existing Software or introducing new Software, upon thirty (30) days written notice to Licensee. All payments required to be paid hereunder shall be payable in United States dollars in the manner required by Licensor. Without limitation of the foregoing, at Licensor's request, Licensee shall process its payments via the Automated Clearing House (ACH) system.

3. Licensor shall configure the Software (and any related hardware that Licensee is required to purchase in connection with such Software) for Licensee. Licensee shall accept Licensor's configuration and may not modify any such configuration without the written consent of Licensor. Licensee shall use the Software only in the operation of the iFLY ATTRACTION. Licensee may not modify, copy or reproduce in any form all or any part of the Software without the prior written consent of Licensor, and in such event solely to the extent required for use of the Software in the operation of the iFLY ATTRACTION. Licensee shall not make the Software available to any other person except in compliance with paragraph 5 below. Licensee shall not reverse assemble, reverse compile or otherwise recreate the Software.

4. Licensee acknowledges and agrees that Licensor may secure all or any part of the Software from third party suppliers and agrees to execute and deliver to Licensor any further agreements or other documents reasonably required by Licensor in order to comply with any agreement with such third parties. All copies of the Software, including any produced by Licensee with Licensor's consent, are and at all times shall be the sole and exclusive property of Licensor or other third party suppliers.

5. Licensee understands and acknowledges that the Software contains Licensor's trade secrets and agrees, during the term of this Software License and thereafter, not to communicate, divulge or use the Software other than in the operation of the iFLY ATTRACTION. Licensee shall allow access to the Software only to its employees who must have access to it in connection with their employment

with the franchised business. At Licensor's request, Licensee shall obtain execution of covenants satisfactory to Licensor concerning the confidentiality of the Software from any persons employed by Licensee who have access to the Software.

6. Licensee shall exercise reasonable precautions, no less rigorous than those Licensee uses to protect its own confidential information, to protect the confidentiality of the Software, which precautions shall include, at a minimum, giving instructions to Licensee's employees who will have access to the Software that the Software is proprietary to, and the trade secrets of, Licensor or third party suppliers. Licensee shall not remove or alter any designations included in the Software that indicate such material is the proprietary property of Licensor or such third parties.

7. Licensee agrees to notify Licensor immediately of the existence of any unauthorized possession or use of the Software or of any part thereof.

8. If the Software becomes, or in Licensor's opinion is likely to become, the subject of a claim of infringement, Licensor may (at Licensor's election) procure for Licensee the right to continue to use the Software, or replace the Software with non-infringing functionally equivalent software, or modify the Software to make it non-infringing. If none of these alternatives are commercially practicable for Licensor, then Licensor may discontinue this Agreement as to the infringing Software.

9. Licensee acknowledges and agrees that any violation by Licensee of the provisions of this Software License would cause Licensor irreparable injury for which it would have no adequate remedy at law, and that, in addition to any other remedies which Licensor may have, it shall be entitled to preliminary and other injunctive relief against any such violation.

10. The term of this Software License shall be co-extensive with the term of the Franchise Agreement, including any renewal of the Franchise Agreement.

11. Expiration or termination of the Franchise Agreement for whatever reason shall automatically terminate this Software License and the right granted hereunder to use the Software, without notice to Licensee. If Licensor's license to any of the Software secured from third parties should terminate, then this Software License shall automatically terminate as to such Software and Licensee shall comply with the provisions of Section 12 in connection with such Software. In addition, Licensor may terminate this Software License upon the failure by Licensee to comply with any of the terms and conditions herein, by giving Licensee written notice of termination stating the nature of the breach at least thirty (30) days' prior to the effective date of termination; provided that Licensee may avoid termination by immediately initiating a remedy to cure such default and curing it to Licensor's satisfaction within the thirty (30)-day period and by promptly providing proof thereof to Licensor. If any such default is not cured within that time, or such longer period as applicable law may require, this Software License shall terminate without further notice to Licensee effective immediately upon expiration of the thirty (30)-day period or such longer period as applicable law may require.

12. Upon the expiration or termination of this Software License or upon the expiration or termination of the Franchise Agreement, whichever shall occur earlier, Licensee shall immediately cease to use the Software, deliver to Licensor all copies of the Software then in Licensee's possession or control and erase the Software from Licensee's computer system.

13. Licensor will replace without charge any copies of the Software provided under this Software License which have defects in materials and workmanship that are not caused by Licensee's

misuse or unauthorized modification of the Software. THIS REPLACEMENT SHALL BE LICENSEE'S SOLE AND EXCLUSIVE REMEDY. **EXCEPT FOR THE LIMITED WARRANTY DESCRIBED ABOVE, THERE ARE NO WARRANTIES GRANTED TO LICENSEE OR ANY OTHER PERSON OR ENTITY FOR THE SOFTWARE, EXPRESS OR IMPLIED, INCLUDING, BUT NOT LIMITED TO, THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE; ALL SUCH WARRANTIES ARE EXPRESSLY AND SPECIFICALLY DISCLAIMED.**

14. LICENSEE IS SOLELY RESPONSIBLE FOR DETERMINING ITS DESIRED RESULTS FROM THE USE OF THE SOFTWARE, FOR EVALUATING THE SOFTWARE'S CAPABILITIES AND FOR SUCCESSFULLY OPERATING THE SOFTWARE. IN NO EVENT SHALL LICENSOR BE RESPONSIBLE FOR ANY DIRECT, INDIRECT, SPECIAL, INCIDENTAL, EXEMPLARY, PUNITIVE, CONSEQUENTIAL OR OTHER DAMAGES, OR FOR LOST DATA OR LOST PROFITS TO LICENSEE OR ANY OTHER PERSON OR ENTITY (WHETHER SUCH CAUSE BE BASED IN CONTRACT, NEGLIGENCE, STRICT LIABILITY, OTHER TORT OR OTHERWISE) ARISING OUT OF THE USE OR INABILITY TO USE THE SOFTWARE, AND EVEN IF LICENSOR HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGE OCCURRING. IN THE EVENT THAT ANY OTHER TERM OF THIS SOFTWARE LICENSE IS FOUND OR DETERMINED TO BE UNCONSCIONABLE OR UNENFORCEABLE FOR ANY REASON, THE FOREGOING PROVISION OF WAIVER BY AGREEMENT OF DIRECT, INDIRECT, SPECIAL, INCIDENTAL, CONSEQUENTIAL OR OTHER DAMAGES OR FOR LOST DATA OR LOST PROFITS SHALL CONTINUE IN FULL FORCE AND EFFECT.

15. THIS SOFTWARE LICENSE SHALL BE INTERPRETED BY AND CONSTRUED UNDER THE LAWS OF THE STATE OF TEXAS (EXCEPT FOR TEXAS CHOICE OF LAW RULES).

16. If any term herein is declared to be void or unenforceable by a court of competent jurisdiction, such declaration shall have no effect on the other terms of this Software License, which will remain in effect and fully enforceable.

17. In addition to any other payments provided herein, Licensee agrees to pay any sales, use, ad valorem, personal property and general intangibles tax and any registration fees arising out of this Software License and the transactions contemplated herein, except for any taxes imposed upon the gross income of Licensor.

18. Licensee may not sell, lease, assign, sublicense or otherwise transfer any of its rights under this Software License without the prior written consent of Licensor.

19. Notice under this Software License shall be provided as indicated in Section 15.11 of the Franchise Agreement.

[SIGNATURES APPEAR ON THE FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties have duly executed and delivered this Software License on the _____ day of _____, 2020.

LICENSOR:

IFLY Franchising, LLC,
a Delaware limited liability company

By: _____

LICENSEE:

_____ [Insert Name]
a _____ company

By: _____
[Insert Printed Name below line]

By: _____
[Insert Printed Name below line if
multiple signatures required]

Schedule to Software License Agreement

Tunnel Management Systems -

Integration of Point of Sale (POS) System, Booking and Media Systems includes:

- Waiver System / System of Record (SOR)
 - Waiver collection system with Point of Sale/Reservation system integration
 - Waiver search/retrieval software
 - Secure cloud storage of all waivers in accordance with state required timeframes
- Photo and video
 - Video and photo capture software with Point of Sale/ Reservation system integrations
 - Manifest/Schedule application
 - Web & kiosk e-commerce and delivery software
 - Cloud storage of all necessary assets for ecommerce (video and photo previews) & purchased media for 100 days after purchase
- Integration of ePOS till (Purchase Orders, Reporting, Petty Cash)
 - Invoicing and accounts
 - Reporting (orders, sales, credit control, general accounts)
- Customer survey
 - Post flight automated survey software
 - Survey reporting
- Website and Internet publishing
 - Scalable webhosting through WPengine or similar
 - Domain and SSL certificate management
 - SEO services
 - Google My Business configuration
- Business Intelligence Reporting
 - P&L, manifest forecasting, commissions
 - Website reporting – visits and conversion
 - Tunnel maintenance – alarms, runtime, etc.
- 24x7 Support with knowledgebase and ticket submittal system
- Pre-opening support and implementation
- Updates and maintenance to all iFLY developed software systems
- Additional vendor relationships with for low voltage wiring, internet services, communications services, digital signage and commercial licensed in-store music (licensing cost not included)

PLEASE NOTE:

- Initial iFLY software licensing fee of \$65,000
- Ongoing iFLY maintenance/hosting fee of \$4,250 per month
- Siriusware (POS) licensing not included. The startup licensing cost for a new location is estimated at \$44,600. Estimated \$13,200 annual license fee.
- Hardware such as monitors, kiosks, cameras, etc. is not included but are available as options. Alternatively, iFLY can provide a list of equipment for the buyer to procure with their Furniture, Fixtures and Equipment (FF&E) Package. If hardware is not purchased from iFLY, the equipment list must be followed without deviation to ensure compatibility.

- There are recurring licensing costs for specific hardware/software in order to continue to receive necessary security and functionality (from the vendor not iFLY):
 - Siriusware annual renewals
 - Palo Alto Network Security Appliances
 - Cisco Meraki Wireless Access Point
 - BrightSign Digital Signage
- Email is not provided by Franchisor and must be obtained by Franchisee as part of its Franchised business.

Please note that this Software License Agreement does not include a reservation and booking / POS

EXHIBIT E

LIST OF FRANCHISED BUSINESSES

* Franchise Agreement has been signed, but the outlet was not open as of December 27, 2020

CALIFORNIA

iFLY Oceanside
3178 Vista Way
Oceanside, CA 92056
Contact: Rob Blomsness
Phone: (760) 606-4359

FLORIDA

iFLY Jacksonville
220 East Canton Avenue
Winter Park, FL 32789
Contact: Tracy Forrest
Phone: (904) 712-3388

MICHIGAN*

iFLY Detroit
Novi, MI
Contact: Tracy Forrest
Phone: (904) 712-3388

MISSOURI*

iFLY St. Louis
Chesterfield, MO
Contact: Tracy Forrest
Phone: (904) 712-3388

NEVADA*

iFLY Spring Valley
Spring Valley, Nevada
Contact: Tracy Forrest
Phone: (904) 712-3388

TEXAS

iFLY El Paso
430 Vin Rambla Dr
El Paso, TX 79912
Contact: Lynda Sharpe
Phone: (915) 626-4359

VIRGINIA

iFLY Virginia Beach
2412 Pacific Avenue
Virginia Beach, VA 23451
Contact: Bob Pizzini Phone:
(757) 754-4359

EXHIBIT F

LIST OF FRANCHISEES WHO HAVE LEFT THE SYSTEM IN THE LAST YEAR

NONE

EXHIBIT G
LIST OF STATE ADMINISTRATORS

LIST OF STATE ADMINISTRATORS

We intend to register this Disclosure Document as a “franchise” in some or all of the following states, in accordance with the applicable state laws. If and when we pursue franchise registration (or otherwise comply with the franchise investment laws) in these states, the following are the state administrators responsible for the review, registration, and oversight of franchises in these states:

CALIFORNIA

Department of Financial Protection
and Innovation
320 West 4th Street, Suite 750
Los Angeles, CA 90013-2344
866-275-2677

CONNECTICUT

Cynthia Antanaitis
Assistant Director
Securities and Business Investment Division
Connecticut Department of Banking
260 Constitution Plaza
Hartford, Connecticut 06103-1800
(860) 240-8230

FLORIDA

Florida Department of Agriculture &
Consumer Services
Attn: Finance & Accounting
407 South Calhoun Street
Tallahassee, Florida 32399-0800

HAWAII

Business Registration Division
Department of Commerce
and Consumer Affairs
335 Merchant Street, Room 203
Honolulu, Hawaii 96813

ILLINOIS

Chief, Franchise Bureau
Attorney General's Office
500 South Second Street
Springfield, Illinois 62706

INDIANA

Securities Commissioner
Indiana Securities Division
302 West Washington Street
Room E-111
Indianapolis, Indiana 46204

MARYLAND

Office of the Attorney General
Division of Securities
200 St. Paul Place
Baltimore, Maryland 21202-2020

MICHIGAN

Michigan Attorney General's Office
Consumer Protection Division
Attn.: Franchise Section
G. Mennen Williams Building, 1st Floor
525 West Ottawa Street
Lansing, Michigan 48933

MINNESOTA

Franchise Examiner
Minnesota Department of Commerce
85 7th Place East
Suite 280
Saint Paul, Minnesota 55101

NEBRASKA

Nebraska Department of
Banking and Finance
1526 K Street
Suite 300
Lincoln, Nebraska 68508

NEW YORK

Assistant Attorney General
New York Department of Law
Investment Protection Bureau
28 Liberty Street, 21st Floor
New York, New York 10005

NORTH DAKOTA

Franchise Examiner
North Dakota Securities Department
600 East Boulevard Avenue
State Capitol 5th Floor
Bismarck, North Dakota 58505-0510

OREGON

Department of Consumer and
Business Services
Division of Finance and
Corporate Securities
Labor and Industries Building
Salem, Oregon 97301

RHODE ISLAND

Securities Division
Department of Business Regulation
1511 Pontiac Avenue
John O. Pastore Complex - Building 69-1
Cranston, Rhode Island 02920

SOUTH DAKOTA

Franchise Administrator
Department of Labor and Regulation
Division of Insurance
Securities Regulation
124 S. Euclid, Suite 104
Pierre, South Dakota 57501

TEXAS

Statutory Document Section
Secretary of State
P.O. Box 12887
Austin, Texas 78711

UTAH

Director
Department of Commerce
Division of Consumer Protection
160 East Three Hundred South
P.O. Box 45804
Salt Lake City, Utah 84111

VIRGINIA

State Corporation Commission
Division of Securities
and Retail Franchising
1300 East Main Street, 9th Floor
Richmond, Virginia 23219

WASHINGTON

Administrator
Department of Financial Institutions
Securities Division
150 Israel Rd. S.W.
Tumwater, Washington 98501

WISCONSIN

Franchise Administrator
Division of Securities
Department of Financial Institutions
201 West Washington Avenue, Suite 300
Madison, Wisconsin 53703

EXHIBIT H
AGENTS FOR SERVICE OF PROCESS

AGENTS FOR SERVICE OF PROCESS

We intend to register this Disclosure Document as a “franchise” in some or all of the following states, in accordance with the applicable state law. If and when we pursue franchise registration (or otherwise comply with the franchise investment laws) in these states, we will designate the following state offices or officials as our agents for service of process in these states:

CALIFORNIA

Commissioner of Financial Protection
and Innovation
Department of Financial Protection
and Innovation
320 West 4th Street, Suite 750
Los Angeles, CA 90013-2344

CONNECTICUT

Banking Commissioner of State of
Connecticut
Securities and Business Investment Division
Connecticut Department of Banking
260 Constitution Plaza
Hartford, Connecticut 06103-1800
(860) 240-8230

HAWAII

Commissioner of Securities
Department of Commerce
and Consumer Affairs
Business Registration Division
335 Merchant Street, Room 203
Honolulu, Hawaii 96813

ILLINOIS

Illinois Attorney General
500 South Second Street
Springfield, Illinois 62706

INDIANA

Secretary of State
201 State House
200 West Washington
Indianapolis, Indiana 46204

MARYLAND

Maryland Securities Commissioner
Maryland Division of Securities
200 St. Paul Place
Baltimore, Maryland 21202-2020

MICHIGAN

Michigan Department of Commerce
Corporations and Securities Bureau
G. Mennen Williams Building, 1st Floor
525 West Ottawa Street
Lansing, Michigan 48933

MINNESOTA

Commissioner of Commerce
85 7th Place East
Suite 280
Saint Paul, Minnesota 55101

NEW YORK

Secretary of State of
the State of New York
99 Washington Avenue
Albany, New York 12231

NORTH DAKOTA

Securities Commissioner
North Dakota Securities Department
600 East Boulevard Avenue
State Capitol, 5th Floor
Bismarck, North Dakota 58505-0510

OREGON

Director
Department of Consumer and
Business Services
Division of Finance and
Corporate Securities
Labor and Industries Building
Salem, Oregon 97301

RHODE ISLAND

Director
Department of Business Regulation
1511 Pontiac Avenue
John O. Pastore Complex - Building 69-1
Cranston, Rhode Island 02920

SOUTH DAKOTA

Director
Department of Labor and Regulation
Divisions of Insurance
Securities Regulation
124 S. Euclid, Suite 104
Pierre, South Dakota 57501

VIRGINIA

Clerk of the State
Corporation Commission
1300 East Main Street, 1st Floor
Richmond, Virginia 23219

WASHINGTON

Director of Financial Institutions
Securities Division
150 Israel Rd. S.W.
Tumwater, Washington 98501

WISCONSIN

Franchise Administrator
Division of Securities
Department of Financial Institutions
201 West Washington Avenue, Suite 300
Madison, Wisconsin 53703

EXHIBIT I

FORM OF GENERAL RELEASE

[Current Form for Transfers and Renewals]

1. **Release of Claims.** Franchisee and its Owners and their respective assigns, heirs, representatives, agents, family members, and all other persons acting on their behalf or claiming under them (collectively referred to as the “Franchisee Related Parties”) irrevocably and unconditionally release and forever discharge Franchisor, its predecessors, subsidiaries, affiliates and their respective owners, officers, directors, agents, independent contractors, servants, employees, representatives, attorneys, successors and assigns and all persons acting by, through, under or in concert with any of them (collectively “Releasees”), from all actions, causes of action, suits, debts, liens, contracts, agreements, obligations, promises, liabilities, claims, rights, demands, damages, controversies, losses, costs, and expenses (including attorneys’ fees and costs actually incurred) of any nature whatsoever, known or unknown, suspected or unsuspected, fixed or contingent, except for claims under the Maryland Franchise Registration and Disclosure Law (“Claim” or “Claims”), which they now have or claim to have or at any time heretofore have had or claimed to have against each or any of the Releasees, including, without limitation, any and all such Claims arising from, based upon or related to the Franchise Agreement, but excluding claims based on any representation that Franchisor made in the most recent Franchise Disclosure Document (including its exhibits and amendments) that Franchisor delivered to Franchisee or its representative in connection with the offer of the Franchise Agreement, subject to agreed-upon changes to the contract terms described in that Franchise Disclosure Document and reflected in the Franchise Agreement (including any riders or addenda signed at the same time as the Franchise Agreement).

[For California franchisees, add: Each of the Franchisee Related Parties expressly waives and relinquishes all rights and benefits which either may now have or in the future have under and by virtue of California Civil Code Section 1542. The parties do so understanding the significance and consequence of such specific waiver. Section 1542 provides that “(a) general release does not extend to claims which the creditor does not know or suspect exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor.” For the purpose of implementing a general release and discharge as described in Section 1. above, the parties expressly acknowledge that this Agreement is intended to include in its effect, without limitation, all claims described in Section 1. above which the parties do not know or suspect to exist in their favor at the time of execution hereof, and that this Agreement contemplates the extinguishment of any such claims.]

2. **Unknown Claims.**
 - (a) Franchisee acknowledges for itself and the Franchisee Related Parties that there is a risk that subsequent to the execution of this Agreement, it will discover, incur or suffer Claims which are unknown or unanticipated at the time this Agreement is executed, including, without limitation, unknown or unanticipated Claims which arose from, are based upon or are related to the Franchise Agreement or some part or aspect thereof, which if known by Franchisee on the date this Agreement is being executed may have materially affected its decision to execute this Agreement.
 - (b) Franchisee acknowledges and agrees for itself and the Franchisee Related Parties that by reason of the release contained in Section 1 above, it is assuming the risk of such unknown and unanticipated Claims and agrees that its release of the Releasees contained in this Agreement applies thereto.

3. **Covenant Not to Sue.** Franchisee covenants and agrees for itself and for the Franchisee Related Parties not to bring or allow to be brought on behalf of itself or any Franchisee Related Party, any action, cause of action, suit or other proceeding of any kind, which has accrued or which may ever accrue, whether based in the Constitution, common law or statute, contract, tort, or in equity, for actual or punitive damages or other relief, against Franchisor and the Releasees arising out of, resulting from, or in any manner related to the matters referenced in Section 1.
4. **No Assignment of Claims.** Franchisee represents and warrants for itself and the Franchisee Related Parties that it has not assigned or transferred, or purported to assign or transfer, to any person or entity, any Claims released under Section 1 of this Agreement and agrees to indemnify, defend and hold the Releasees harmless from and against any and all Claims, based on or arising out of any such assignment or transfer, or purported assignment or transfer, of any Claims, or any portion thereof or interest therein. Franchisee represents and warrants that since the date of the Franchise Agreement, there has been no assignment or transfer, and no purported assignment or transfer, to any person or entity of the Franchise, the Franchise Agreement, or any rights or interests therein or in the Franchisee.
5. **Full and Independent Knowledge.** Franchisee represents that it has been represented by an attorney in connection with the preparation and review of this Agreement, that it has specifically discussed with its attorney the meaning and effect of this Agreement and that it has carefully read and understands the scope and effect of each provision contained herein. Franchisee further represents that it does not rely and has not relied upon any representation or statement made by the Franchisor or, any of the Releasees or any of their representatives with regard to the subject matter, basis or effect of this Agreement.
6. **Compromise.** Franchisee agrees for itself and the Franchisee Related Parties that the releases contained herein are the result of a compromise and shall never at any time for any purpose be considered as an admission of liability or responsibility on the part of Franchisor or the Releasees regarding any matter.
7. **General Provisions.**
 - (a) **Entire Agreement.** This Agreement, when fully executed, supersedes all previous negotiations, representations, and discussions by the parties hereto concerning the subject matter hereof and integrates the whole of all of their agreements and understandings concerning the subject matter hereof. No oral representations or undertakings concerning the subject matter hereof shall operate to amend, supersede, or replace any of the terms or conditions set forth herein.
 - (b) **Authority.** By their signatures below, the parties hereto represent and warrant to each other that they have all necessary authority to enter into this Agreement. Each party hereto represents and warrants that the party is entering into this Agreement solely for the purposes and consideration set forth herein.
 - (c) **Counterpart Execution.** This Agreement may be executed in multiple counterparts, each of which shall be fully effective as an original.

- (d) Survival. All covenants, representations, warranties, and agreements of the parties shall survive execution and delivery of this Agreement and shall continue until such time as all the obligations of the parties hereto shall have lapsed in accordance with their respective terms or shall have been discharged in full.
- (e) Further Assurance. The parties hereto covenant and agree that they will execute such other and further instruments and documents as are or may become necessary or convenient to effectuate and carry out the intent of this Agreement.
- (f) Complete Defense. Franchisee acknowledges that this Agreement shall be a complete defense to any claim released under the terms of Section 1 of this Agreement and hereby consents to the entry of a temporary or permanent injunction to end the assertion of any such claim.
- (g) Attorneys' Fees. In the event that Franchisor institutes legal proceedings of any kind to enforce this Agreement, Franchisee agrees to pay all costs and expenses associated therewith, including, but not limited to, all attorneys' fees.

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be executed by its duly authorized representative as of the date indicated below.

FRANCHISOR:

IFLY Franchising, LLC
 a Delaware limited liability company

By: _____
 Name: _____
 Title: _____
 Date: _____

FRANCHISEE:

By: _____
 Name: _____
 Title: _____
 Date: _____

OWNERS:

Date: _____

Date: _____

Date: _____

[See Additional Notes:

1. Add signature blocks for any additional parties identified pursuant to Section 1]

EXHIBIT J

OPERATIONS MANUAL TABLE OF CONTENTS

iFLY Franchising, LLC Operations Manual Table of Contents

Section	Title	# of Pages
1	Summary and Table of Contents	3
2	Introduction	1
3	Definition of Personnel	1
4	Commercial Operation Requirements	1
5	Preflight Operations	3
6	Flight Operations	3
7	Emergency Procedures	5
8	Appendix A - Operator/Instructor Requirements	4
9	Appendix B - IBA Flyer Chart	3
10	Appendix C - Hand Signal Charts	3
11	Appendix D - Gear Inspection	2
12	Appendix E - Fortress Lock System	3
13	Appendix F - Instructor Techniques	5
	Total Pages	37

EXHIBIT K

STATE ADDENDA AND RIDERS TO FRANCHISE AGREEMENT

**ADDENDUM TO IFLY FRANCHISING, LLC
DISCLOSURE DOCUMENT
FOR THE STATE OF HAWAII**

1. 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 COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE, AND NOT MISLEADING.
2. 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.
3. 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.
4. Section 482E-(3), Hawaii Revised Statutes, provides that franchisee may be entitled to certain compensation upon termination or refusal to renew the franchise. To the extent such Section is applicable, the franchisee shall have an interest in the franchise upon termination or refusal to renew as specified therein.
5. No release language set forth in the Franchise Agreement shall relieve Franchisor or any other person, directly or indirectly, from liability imposed by the laws concerning franchising in the State of Hawaii.
6. Each provision of this addendum is effective only to the extent that the jurisdictional requirements of the laws described above, with respect to each provision of the law, are met independent of this addendum. This addendum will have no force or effect if such jurisdictional requirements are not met.

EXHIBIT L
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 as of the Effective Date stated below:

State	Effective Date
Hawaii	7 days following filing date of April 5, 2021
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.

ITEM 23

RECEIPTS

RECEIPT

This Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If iFLY Franchising, 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, or sooner if required by applicable state law. Applicable state law in (a) Connecticut and Michigan require us to provide you the disclosure document at least 10 business 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, (b) New York requires us to provide you the disclosure document at the earlier of the first personal meeting or 10 business 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, and (c) Iowa and Maine require us to provide you the disclosure document at the earlier of the first personal meeting or 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.

If iFLY Franchising, LLC does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency identified on Exhibit G.

The name, principal business address, and telephone number of each franchise seller offering the franchise are as follows:

Name	Principal Business Address	Telephone Number
Patrick Framel	13265 N US Highway 183, Suite A, 3rd Floor Austin, TX 78750	+1 (512) 658-5053
Kevin Fiur	13265 N US Highway 183, Suite A, 3rd Floor Austin, TX 78750	+1 (512) 201-8228

Issuance Date: April 2, 2021.

I received a Disclosure Document dated April 2, 2021. The Disclosure Document included the following Exhibits:

- A FINANCIAL STATEMENTS
- B FRANCHISE AGREEMENT
- C EQUIPMENT PURCHASE AGREEMENT
- D ICRS SOFTWARE LICENSE AGREEMENT
- E LIST OF FRANCHISED BUSINESSES
- F LIST OF FRANCHISEES WHO HAVE LEFT THE SYSTEM IN LAST YEAR
- G LIST OF STATE ADMINISTRATORS
- H AGENTS FOR SERVICE OF PROCESS
- I FORM OF GENERAL RELEASE
- J OPERATIONS MANUAL TABLE OF CONTENTS
- K STATE ADDENDA AND RIDERS TO FRANCHISE AGREEMENT
- L STATE EFFECTIVE DATES

Dated: _____

 Individually and as an Officer of the company designated below or of a company to be formed and designated below on formation

Printed Name

of _____
 (a _____ Corporation)
 (a _____ Partnership)
 (a _____ Limited Liability Company)

Sign and return this page

RECEIPT

This Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If iFLY Franchising, 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, or sooner if required by applicable state law. Applicable state law in (a) Connecticut and Michigan require us to provide you the disclosure document at least 10 business 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, (b) New York requires us to provide you the disclosure document at the earlier of the first personal meeting or 10 business 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, and (c) Iowa and Maine require us to provide you the disclosure document at the earlier of the first personal meeting or 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.

If iFLY Franchising, LLC does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency identified on Exhibit G.

The name, principal business address, and telephone number of each franchise seller offering the franchise are as follows:

Name	Principal Business Address	Telephone Number
Patrick Framel	13265 N US Highway 183, Suite A, 3rd Floor Austin, TX 78750	+1 (512) 658-5053
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- K STATE ADDENDA AND RIDERS TO FRANCHISE AGREEMENT
- L STATE EFFECTIVE DATES

Dated: _____

_____ Individually and as an Officer of the company designated below or of a company to be formed and designated below on formation

Printed Name

of

(a _____ Corporation)

(a _____ Partnership)

(a _____ Limited Liability Company)

Sign and return this page