

Equity Ownership Agreement for Developers

This Equity Ownership Agreement (the "Agreement") is made and entered into as of the date last signed below by and between **Indie Games Startup LLC**, a Delaware limited liability company with its principal office at 16192 Coastal Highway, Lewes, Delaware 19958 (the "Studio"), and **[Developer's Name]**, an individual with a primary address at **[Developer's Address]** (the "Developer"). The purpose of this Agreement is to define the terms of equity ownership and profit-sharing for contributions made by the Developer to the Studio's game projects.

1. Purpose

This Agreement entitles the Developer to a share of the profits generated by any game to which they have made a substantive contribution that is incorporated into the final released product. Equity ownership under this Agreement is allocated to reward the Developer's creative and technical input directly linked to the success of the Studio's projects. Such equity constitutes a profit-sharing interest only – it does not confer any voting rights, ownership in the Studio as a company, or control over management decisions. The Developer's equity simply entitles them to a portion of profits generated by the specific games to which they contributed, as determined under the terms below.

2. Equity Structure Per Game Project

2.1. Point-Based Equity Allocation Model

Overview: Equity allocations for each development stage of a project are determined using a point-based system. Each team member may earn **base points** and additional **incremental points** based on their contributions and roles during that stage. The total points a Developer earns in a stage will determine the percentage of that stage's equity pool allocated to them. All contributions under this model are made voluntarily and are not subject to traditional employment performance requirements or supervision – the Studio does not direct how the Developer performs their tasks day-to-day. The Developer retains discretion over how, when, and where to carry out their contributions, provided they align with the project's needs. Participation in team meetings and communications is encouraged to maintain collaboration, but is not mandatory.

Base Points: Each contributor may earn up to **4 base points** per stage, allocated as follows:

- **Contribution Points (up to 2):** Based on the volume and quality of work contributed to the project stage. Generally, a Developer who provides a level of work consistent with the project's needs (roughly an average commitment of 10 or more hours per week, or equivalent output) can earn **2 Contribution Points**. A lesser but still meaningful contribution may earn **1 point**, and no meaningful contribution earns **0 points**. (*Mid-stage joiners:* If a Developer joins after approximately 50% of the stage's duration has elapsed, they may earn a maximum of 1 Contribution Point to reflect the shorter involvement period.)
- **Participation Points (up to 2):** Based on the Developer's engagement with the team and project processes. A Developer who actively participates as reasonably expected – for example, staying in communication, attending scheduled meetings, and providing timely responses or feedback – can earn **2 Participation Points**. Partial engagement (inconsistent meeting attendance or delayed responses) may result in **1 point**, and a lack of participation yields **0 points**. (*Mid-stage joiners:* May earn up to 1 Participation Point, due to the shorter involvement period.)

Note: As part of participation, the Studio requires each Developer to complete peer review assignments for fellow team members at the end of each stage. If a Developer fails to submit an assigned peer review within one week of the review request, **1 Participation Point** will be deducted for that stage.

Misconduct Removal: All Developers are expected to maintain professional conduct. In the event of serious misconduct or intentional sabotage of team morale by a Developer, the Studio reserves the right to remove that Developer from the project. Upon such removal for misconduct, any equity points or allocations the Developer has not yet vested (i.e. from the current or future stages) will be **forfeited** in their entirety.

Additional Incremental Points: In addition to base points, contributors may earn incremental points for specific roles and exceptional contributions in a stage:

- **Technical Contribution:** (*+1 to +3 points*) – Awarded for programming and other technical work, reflecting the complexity and value of the contribution. Higher points are given for more advanced or impactful technical work (approximately +1 for a junior-level or routine technical contribution, +2 for a mid-level contribution, and +3 for a senior-level or highly complex contribution). This scale recognizes that specialized technical expertise has high market value and rewards the Developer for the impact of their work rather than just time spent.
- **Leadership or Management Role:** (*+1 or +2 points*) – Key team roles can earn additional points. Serving as a project or discipline lead (e.g. Lead Artist, Lead Programmer) may earn +1. Taking on a broader management role (e.g. Team Lead, Project Manager, Art Director, Technical Director) may earn +2. These points reflect the extra responsibilities and coordination efforts these roles require.
- **Outstanding Contribution:** (*+1 point bonus*) – Awarded for an exceptional contribution in the stage that significantly exceeds expectations in quality or impact. This bonus point is only available to Developers who have earned the maximum base points for the stage (i.e. 2 Contribution Points and 2 Participation Points if they were involved in the entire stage, or 1 Participation Point if they joined mid-stage or later), ensuring that only those who were fully engaged and met all standard expectations are eligible for additional recognition.

Total Points: The sum of a Developer's base points and any incremental points for a stage equals their **Total Points** for that stage. Each Developer's share of that stage's equity pool is determined by their points relative to the total points of all contributors in the stage.

2.2. Equity Calculation and Transparency

At the end of each development stage, the Studio will calculate each contributor's equity percentage for that stage based on points earned. The percentage share for the Developer in a given stage is determined as:

- **Stage Equity % = (Developer's Total Points in Stage ÷ Total Points of *all* Contributors in Stage) × (100% of that stage's pool).**

For example, if the Developer earned 8 points in the stage and the cumulative points of all team members for that stage is 80, the Developer would be allocated $8/80 = 10\%$ of the equity designated for that stage. Each development stage (Prototype, Vertical Slice, Alpha, Beta, Gold) contributes a fixed portion of the game's total profit-sharing equity (see Section 2.6), so the Developer's points determine what slice of that stage's portion they receive.

After each stage is completed and points are assigned, the Studio will provide the Developer with an **Individual Equity Report** summarizing the points they earned and the corresponding equity percentage for that stage. This transparent reporting ensures the Developer understands how their contributions translated into equity.

All peer review feedback used in determining points (see Section 2.7) will remain confidential. Peer reviews are only accessible to the four project leads and Studio management, and any peer feedback is anonymized to promote honesty and fairness.

2.3. Role Changes and Point Averaging

If a Developer's role changes during the course of a stage, an averaging approach will be used to determine their points for that stage. For instance, if a Developer starts a stage as an Artist (role that would merit 4 total points including base and any increments) and later becomes a Lead Artist (role meriting 5 points), and performs both roles during that stage, their effective points for the stage will be the average of the two roles (in this example, $(4 + 5) / 2 = 4.5$ points). This averaged point total will then be used to calculate the Developer's equity share for that stage. Role changes are thus smoothed out to fairly reflect contributions across the stage.

2.4. Stage Milestone Sign-Off Process

The completion of each development stage will be verified through a formal milestone sign-off. Representatives of both the Studio and the project team will jointly confirm that the key objectives for the stage (Prototype, Vertical Slice, Alpha, Beta, or Gold master) have been achieved. Only upon this mutual confirmation is the stage considered complete for the purposes of equity allocation. The documentation of stage completion triggers the vesting of equity for that stage (see Section 2.6), ensuring that all parties agree on when a stage (and its associated profit-sharing equity) is finalized. This process provides transparency and prevents any dispute about whether a stage was truly finished.

2.5. Stage-Based Equity Assignment and Vesting

At the end of each completed stage, a portion of the game's total profit-sharing equity is allocated to the contributors of that stage. The game's development is divided into five stages (Prototype, Vertical Slice, Alpha, Beta, Gold/Release), with 20% of the game's total profit-sharing equity allocated for each stage. Once a stage's equity is allocated among its contributors—based on the point system described in Section 2.1—those allocations become vested and unmodifiable upon formal stage sign-off.

Developers earn equity for a stage in proportion to their total points, which comprise Contribution Points and Participation Points. To promote sustained engagement throughout each stage, the following rules apply regarding Participation Points:

- **Full-Stage Participation:** A Developer who participates from the beginning is eligible to earn up to 2 Participation Points.
- **Late Joiners:** If a Developer joins after approximately 50% or more of the stage's duration has elapsed, they are capped at a maximum of 1 Participation Point for that stage.
- **Early Departure Penalty:** If a Developer leaves the project before the stage is formally completed, an automatic deduction of 1 Participation Point will be applied to their Participation Points for that stage. Consequently:
 - A Developer who joined at the start and then departs early will have their Participation Points reduced by 1.
 - A Developer who joins mid-stage (and is thereby eligible for only 1 Participation Point) and then departs early will forfeit any Participation Points entirely.

No partial or prorated equity is awarded for stage contributions that do not extend through to the official milestone sign-off. This system is designed to reflect the value of sustained participation and to simplify equity accounting by avoiding fractional stage contributions.

2.6. Peer Review and Leadership Oversight

Peer reviews are used as a collaborative feedback tool to help the leadership allocate points fairly at the end of each stage. They are **not** formal performance evaluations in an employment sense, but rather a mechanism to gather team feedback on contributions and teamwork. The intent is to foster alignment and fairness in point distribution, not to impose any employment-like performance management.

Peer Review Process: At the end of each stage, peer reviews will be conducted as follows:

- **Anonymous Peer Feedback:** Each Developer will be reviewed by approximately three peers (fellow team members) anonymously. Peers will be asked to provide constructive feedback focusing on areas such as the quality of the Developer's work, their collaboration and communication within the team, adherence to any agreed deadlines, and overall commitment to the project's success.
- **Timeline for Reviews:** Peer review assignments are distributed immediately after a stage is completed, and reviewers are expected to submit their feedback within **one week**. This timely review process ensures that point allocations can be made promptly. (As noted in Section 2.1, failing to complete assigned peer reviews on time can affect a reviewer's own Participation Points.)
- **Leadership Self-Evaluation:** The project's leadership team (the four team leads) will also participate in the review process. Each lead will provide feedback and scoring input on the other leads via a structured survey. This ensures that even team members in leadership roles are evaluated by their peers (in this case, by fellow leads), promoting accountability at all levels. These leadership evaluations are also anonymized among the leads.
- **Use of Reviews in Point Allocation:** Peer review feedback does not automatically increase or decrease a Developer's points. Instead, the **Studio's leadership reviews all peer feedback and uses it as a data point in assigning final points**. All stage point allocations for Contribution and Participation (and any award of Outstanding Contribution bonus points) are decided **after** considering the peer reviews. The peer input helps provide context – for example, confirming a Developer's high contribution or flagging issues – but the final decision on points lies with the project leads and Studio management. The leads will confer and make point recommendations (including for each other, using the structured survey results), and the Studio will review these recommendations along with the anonymous peer feedback to ensure consistency and fairness. Only then are the stage points finalized for each contributor.
- **Equity Report:** Once point decisions are finalized for the stage, the Studio issues the Individual Equity Reports (mentioned in Section 2.2) to all contributors, detailing the points earned and the resulting equity percentage for that stage. This report gives each Developer transparency into how their points were determined (backed by peer feedback and leadership review) and the equity outcome.

(Privacy and Confidentiality): Peer reviews are kept confidential. Only the project leads and Studio management see the raw peer feedback, and any identifying information of reviewers is removed (especially when peers review someone in a supervising role). This confidentiality encourages honest feedback and preserves team harmony. The contents of peer evaluations will **not** be used for any purpose outside this Agreement's scope of allocating equity – for instance, they are not used to hire, fire, or discipline, as the Developer is not an employee.

2.7. Revenue Distribution for Partial Releases

If a project begins to generate revenue **before all development stages are completed** (for example, early access sales generated after the Alpha stage), the profit-sharing will be handled proportionately based on completed stages. Specifically, the equity that has vested from completed stages will be treated as if it represents 100% of the profit-sharing entitlement until the remaining stages are completed. Any portion of equity not yet allocated (because later stages are incomplete) remains with the Studio temporarily. As additional stages are completed and their equity is vested, the distribution adjusts accordingly.

Example: Suppose a game launches in Early Access after the Beta stage, generating revenue at that point. The contributors have vested equity from Prototype, Vertical Slice, Alpha, and Beta (four stages, totaling 80% of the project's equity pool).

Those vested shares would receive 100% of any profit distributions from Early Access revenue (with the Studio retaining the share corresponding to the not-yet-allocated Gold stage). Once the Gold/Release stage is eventually completed and the final 20% equity is allocated, future profits would be shared according to the full 100% distribution across all five stages. In this way, early revenue is distributed fairly to those who contributed up to that point, without awarding any equity for stages that are not yet done.

2.8. Equity Retention Upon Departure

If the Developer leaves the project or the Studio (whether voluntarily or by removal) before or after the game's release, the Developer retains any profit-sharing equity that **vested from completed stages** of projects they worked on. Vested equity means the equity shares from any stages that were fully completed during the Developer's participation (and for which the Developer earned points and an allocated share). The Developer will continue to receive their entitled share of profits from those completed stages if and when the game generates revenue, even after departure.

However, the Developer will **not earn or accrue any new points or equity for stages occurring after their departure**. In summary, the Developer keeps what they earned from past completed stages.

Upon departure, the Developer's role with the Studio is concluded aside from their profit share rights – they will no longer have any role in the project's development, no voting rights, and no influence on management or decision-making for the Studio or its games.

2.9. Disputed Contributions and Non-Performance

In the event of a disagreement or question about whether the Developer made a substantive contribution to a project (for example, if the Developer claims equity but other team members believe their input was negligible), the Studio's leadership will investigate and make a binding determination. This review will include examining evidence such as the Developer's submitted work, version control commits, design contributions, communications (e.g. task discussions or status updates), and peer review feedback. The Studio will then document its findings and decision in writing and share it with the Developer. This process ensures a fair and transparent resolution if any dispute arises over a Developer's entitlement to equity (for instance, in cases of alleged non-participation or minimal contribution).

If the leadership concludes that the Developer did **not** provide a substantive contribution in a stage or project, the Studio may decline to award equity for that stage/project. The Studio's decision on such matters shall be final and binding. All decisions will be made in good faith based on the documented evidence to ensure fairness to all contributors who did meaningfully participate.

(This Section 2.9 is intended to cover any edge cases where contribution is in question. It does not replace the normal operation of the point system, but provides a fallback dispute mechanism.)

3. Game Sponsorship Evaluation and Decision Process

The Studio operates an incubator-like model for game projects, wherein projects must pass periodic evaluations to continue receiving Studio support or funding. The following process applies to each game project the Developer might work on:

3.1. Formal Review Milestones

The Studio will conduct **formal evaluation reviews at major project milestones** to determine whether and how the Studio will continue to sponsor the game's development. Key milestones include the **Vertical Slice** (the first major playable slice of the game demonstrating core gameplay), the **Alpha**, and the **Beta** stages. Evaluations typically occur at the Vertical Slice milestone and at the end of subsequent stages (or approximately quarterly, if a stage's development is lengthy), whichever

comes sooner. These regular check-ins ensure the project is meeting its goals and allows the Studio to make timely decisions about providing further resources. By tying evaluations to significant development milestones, the Studio deploys its funding and support strategically, focusing on projects that demonstrate ongoing potential at each stage.

3.2. Evaluation Criteria and Scorecard

Each formal review uses a **scorecard system** with defined criteria to objectively assess the project's merits and progress. The Studio will evaluate factors including, but not limited to:

- **Quality and Execution:** The polish and quality of the game build (gameplay fun, art and audio quality, technical performance, and overall execution of the concept).
- **Market Potential:** The commercial appeal of the game (the size of the target audience, uniqueness of the concept, competitive landscape, and marketing appeal).
- **Scalability and Trajectory:** The potential for the game to expand into a full product or franchise, and adaptability to market trends or feedback (e.g. does the Vertical Slice show a blueprint that can scale into a complete game with sufficient content).
- **Team Capability and Commitment:** The effectiveness and reliability of the development team (including the Developer's and others' dedication, skill sets, ability to execute the plan, and teamwork).

Each of these criteria will be scored (for example, on a numerical scale) according to a standardized rubric. The scores are weighted and combined to produce an overall evaluation result for the project. This **scorecard approach** ensures that decisions are data-driven and consistent across different projects – all incubated games are measured against the same yardstick. The Studio uses defined minimum score thresholds to guide decisions: only projects that meet or exceed the required scores in these areas will progress with significant sponsorship. This rigorous process is intended to mirror industry best practices and investor standards for greenlighting projects, giving both the Studio and contributors confidence that any sponsored project has been thoroughly vetted.

3.3. Sponsorship Decision Options

Based on the evaluation outcome at each review milestone, the Studio will choose one of several paths for the project. The possible **sponsorship decisions** are:

- **Resubmission Required:** If the evaluation finds that the game concept is promising in some respects but certain aspects are below the Studio's standards or expectations, the Studio may decline sponsorship for now but invite the team to **make specific improvements and resubmit** at the next evaluation cycle. In this case, no new funding is granted for the interim. The Studio's review panel will provide the developers with detailed feedback and a list of areas that need work – for example, improvements in performance, art quality, or meeting certain design goals. The project is neither fully approved nor cancelled; the door is kept open contingent on the team addressing the deficiencies by the next milestone (often the team would be given until the next quarterly review or the next stage's completion to implement the feedback). This option is meant to challenge the developers to elevate the project to meet the Studio's sponsorship criteria, acknowledging that the core idea has potential if the execution issues can be fixed. Additionally, this would also mean that the current stage being evaluated would also not be deemed finished, and no further points would be awarded, and no further equity would be vested. Instead, the stage would continue until such a time as when the team felt that it could be resubmitted, or until the next quarterly review period, and at either time it would be reevaluated.

- Cancellation:** If a project fails to meet critical minimum criteria or overall is judged unlikely to succeed commercially, the Studio may **terminate (cancel) the project**. Cancellation means the Studio will cease further development on the game. This decision is typically made when the project's evaluation scores are poor with no clear path to improvement, or if market conditions have changed making the project no longer viable. In the event of a cancellation, the equity that Developers earned from any *completed* stages will still vest (since those stages were finished), but the project will not continue to new stages. The Developer's recourse for a cancelled project is described in Section 4.2 (Equity Salvage), allowing contributors to salvage a portion of their vested equity into the Community Equity Pool. Cancellation is a last resort, used if the Studio believes continuing the project would not be a worthwhile investment of time and resources.
- Greenlight without Sponsorship:** In some cases, a project may meet the minimum criteria to continue (the concept is viable and there's no glaring flaw), but the Studio chooses **not to invest additional funds or marketing support at that time**. The Studio may give the team a "green light" to proceed to the next stage on their own steam, without a new sponsorship deal. This means the project is not cancelled – it's deemed good enough to keep going – but it will progress using only the baseline resources already available (such as the team's own efforts, or general incubator resources) and without new financial injection from the Studio. The game remains in the Studio's pipeline and will be evaluated again at the next milestone. Essentially, this is a provisional approval that allows the project to continue development, with the understanding that it needs to hit further milestones or improvements before qualifying for Gold or Platinum support. It prevents dropping a decent project too early while still reserving major Studio resources for higher-potential titles at that time. After each evaluation, the Studio will document the decision and the reasoning behind it, and will communicate this outcome to the project team (including the Developer). The evaluation scorecard and notes will be archived for reference. This transparency ensures the Developer understands why a particular path was chosen for the project.
- Gold Sponsorship:** If a project shows strong promise and meets most criteria, but perhaps needs further development or carries moderate risk, the Studio may offer Gold Sponsorship. **Gold** is a mid-level support tier. The Studio provides a substantial, but not all-in, level of backing – for example, dedicated funding to cover key expenses, some marketing and PR support, and ongoing mentorship from the Studio's producers or experts. Gold status signals that the Studio is confident in the game's direction and wants to help it reach the next level, while still managing resources prudently. The project will continue through its next stages with Studio support, and may be reviewed again for potential upgrade to Platinum if it exceeds expectations down the line.
- Platinum Sponsorship:** If the project scores exceptionally high on all evaluation criteria – indicating top-tier quality, significant market potential, and a strong, capable team – the Studio may award it Platinum Sponsorship. **Platinum** is the highest level of backing. The Studio commits full support and resources to the game, effectively making it a top priority in the Studio's portfolio. This includes maximum financial funding, allocation of additional staff or expert help as needed, and a comprehensive marketing and publishing plan for the game. A project under Platinum Sponsorship will receive first-party support similar to an internally developed title, with the Studio aiming to fully commercialize and launch the game. (This level is expected to be rare and is reserved for the most promising projects.)

4. Community Equity Pool & Conversion Framework

The Studio offers an optional Community Equity Pool to help Developers diversify and protect their profit-sharing interests across the Studio's projects. This framework allows a Developer to convert game-specific equity into a pooled equity interest spanning multiple games, providing a safety net if a project is cancelled. Key provisions of this framework include:

4.1. Voluntary Conversion at Major Milestones

- **Eligible Milestones & Window:** At the end of each major development stage *after Prototype* (Vertical Slice, Alpha, Beta, and Gold (Final)), the Developer has the option to convert some or all of their vested game-specific equity from that project into the Community Equity Pool. The Developer will be notified at each eligible milestone and will have **14 business days** to elect a conversion for that stage. This opportunity is presented at each of these milestones throughout development – if the Developer declines to convert at one stage, they may still choose to convert at a later stage. Any portion not converted remains tied to the specific project (see Section 4.3).
- **Conversion Effect (One-Way Transfer):** If the Developer chooses to convert a portion of their equity, they relinquish the profit-sharing rights of that portion in the individual game in exchange for Community Equity in the pool. **Conversion is irrevocable** – once game equity is converted into the pool, it cannot be converted back, and the Developer no longer earns profits from that game for the converted portion. The converted portion *continues to count as part of that game’s overall equity allocation* (it is not reallocated to others or “freed up”), but any future profits attributable to that portion will flow into the Community Equity Pool instead of to the converting Developer.
- **Community Equity Pool Defined:** The Community Equity Pool represents a collective profit-sharing interest in the Studio’s portfolio of incubated game projects (i.e. all projects whose contributors have opted to convert equity into the pool). All Community Equity is denominated in “**Community Shares,**” which measure each Developer’s stake in the pool. By holding Community Shares, a Developer is entitled to a portion of the pooled profits from all games contributing to the pool, proportional to the number of Community Shares they hold. In essence, this is a diversified fund of profit-sharing equity – it allows Developers to share in the upside of multiple games rather than being limited to the success of a single project. Profits that would have been paid on converted game equity are instead aggregated and distributed to Community Share holders on a pro-rata (percentage ownership) basis.
- **Conversion Value Calculation:** To determine the Community Shares a Developer receives upon conversion, the Studio uses the game’s current **Forecasted Equity Valuation (FEV)** and a stage-based conversion factor. Each game’s **FEV** is an internal metric assigned by the Studio (updated quarterly and at each stage transition) that reflects the projected value of that game’s profit-sharing equity. The number of Community Shares granted for a given conversion is calculated as:

$$\text{Community Shares} = (\text{Percentage of Game Equity Converted}) \times \text{FEV} \times \text{Stage Conversion Weight}$$

where the **Stage Conversion Weight** is a percentage factor reflecting the development stage at which conversion occurs (this accounts for the project’s progress and risk at that point). The Stage Conversion Weights are:

- **Prototype:** 20%
- **Vertical Slice:** 30%
- **Alpha:** 50%
- **Beta:** 75%
- **Gold (Final):** 100%

This weighted formula means that converting equity at an earlier stage yields proportionally fewer Community Shares (recognizing the higher uncertainty and incomplete value at early stages), whereas converting at later stages (e.g. Gold) yields Community Shares at or near full face value of the equity converted. The Studio will apply this formula objectively so

that a given percentage of game equity converted yields an equivalent fair value in the pool at that time. A Developer's ownership percentage in the Community Equity Pool is then determined by their total Community Shares divided by the total outstanding Community Shares held by all pool participants. *(For additional explanation and examples of these calculations, see the Developer Guidebook.)*

- **Ongoing Conversion Opportunity:** The conversion option is available at each specified milestone. If the Developer initially opts not to convert at a particular stage, they retain their game-specific equity and can revisit the option at the next milestone. However, any portion of equity that **has** been converted in a prior stage is no longer available in the project (having already been traded into the pool). The Developer may only convert equity that they still hold in the project at that time. In all cases, conversion into the pool is entirely voluntary at each opportunity.

4.2. Project Cancellation and Equity Salvage

The Community Equity Pool also serves to mitigate the loss of a Developer's equity in the unfortunate event a project is cancelled (see Section 3.3, "Cancellation"). If the Studio cancels a project, any equity the Developer earned from completed stages of that project will have vested but the game will no longer progress to generate profits. To soften this loss, the Developer is offered a **salvage conversion** opportunity at cancellation: the Developer may convert some or all of their vested equity from the cancelled project into Community Equity Shares, just as they could at a normal milestone.

Upon cancellation, the Studio will notify each affected Developer and the Developer will have **14 business days** to elect this conversion option for their cancelled project. The conversion will be processed using the formula and principles described in Section 4.1 (the **Stage Conversion Weight** used will correspond to the last fully completed stage of the project). This salvage conversion allows the Developer to carry forward some potential value from the cancelled project into the pool, where they can share in other projects' successes going forward, rather than losing all value from their contributions.

Only equity from stages that were **fully completed** (and vested) prior to cancellation is eligible for conversion. If a project is cancelled in the middle of a stage (before that stage was completed and signed off), no equity was earned for that unfinished portion (per Section 2.5) and thus nothing from that partial stage can be converted. In practice, the Developer may convert up to 100% of the vested equity they hold from all completed stages of the cancelled project (the Stage Conversion Weight inherently adjusts the value based on how far along the project was). Participation in this cancellation conversion is optional, but it is effectively the only way to realize any future value from a cancelled project's equity – since a cancelled game will not produce profits, unconverted equity from that project will have no payout unless the project is somehow revived.

4.3. Effect of Project Resumption and Non-Conversion

If a project is cancelled (or placed on indefinite hold) and the Developer **does not** exercise the conversion option within the allotted window, their game-specific equity remains as is. That equity stake will simply have no current value, because the project is not moving forward or generating revenue. However, any vested equity **does not expire** due to cancellation – if the Studio or development team later resumes the project and it eventually reaches release, the Developer's previously vested equity stake (to the extent they retained it by not converting) will still entitle them to profit-sharing from that game as originally determined. This means a Developer who holds onto their equity through a cancellation would regain its profit rights if the project is revived and succeeds in the future, protecting the Developer's potential upside should the game come back to life.

Conversely, if the Developer **did** convert some or all of their game equity into the Community Pool (whether at a milestone or via salvage upon cancellation), they have given up that specific project equity in return for Community Shares. Should that project be later resurrected and eventually released, the Developer will **not** receive any profit share from the resurrected

game for the portion they converted (unless they rejoin the team and earn new equity in the project going forward). Instead, they will continue to benefit from their Community Equity Pool returns, which are derived from the pooled portfolio of projects. This trade-off is the inherent choice in conversion – it provides broader security and profit potential across multiple games at the cost of forfeiting the direct potential upside from the particular project if it unexpectedly succeeds later.

5. Handling Uncompleted Stages

No profit-sharing equity vests for any development stage that is not fully completed. If a project is halted or paused during a stage and that stage is never completed, contributors will not receive equity for that partial stage. If the project later resumes development, the equity allocation will pick up starting with the stage that was last fully completed and signed off. In other words, previously **vested equity remains intact** (and any unconverted equity stakes remain valid as per Section 4.3), but any work done in an uncompleted stage will need to be finished and the stage formally completed before equity from that stage can be earned. This ensures that all equity awarded corresponds to tangible progress (completed milestones) in the project.

6. Post-Release Contributions

In addition to the equity earned for contributions during a game's initial development, the Studio may allocate additional profit-sharing equity for significant **post-release contributions**. Post-release contributions include ongoing development such as game updates, patches, live content, or downloadable content (DLC) that add substantial value to the released game. The Studio may create a separate equity pool (outside the original five stages) reserved for post-release work.

The Studio will assess post-release contributions based on their nature, scope, and impact. If the Developer (or other contributors) engage in meaningful post-launch development of the game, the Studio's leadership can grant equity from the post-release pool proportional to the contributor's involvement. For example, if the Studio sets aside 5% of game profits for post-release efforts and the Developer is responsible for half of the total post-release work (by whatever point-based assessment the Studio uses), the Developer would receive a profit share from that post-release pool accordingly.

Any such post-release equity allocations will be determined by the Studio in a fair and discretionary manner, documented in an addendum if necessary. The intent is to reward continued support and improvement of the game after its initial launch, while ensuring the original development equity (earned in stages Prototype through Gold) covers the initial creation of the game.

7. Non-Solicitation Clause

During the term of the Developer's engagement with the Studio and for **one (1) year** following the end of that engagement (whether the Developer leaves or this Agreement is terminated), the Developer agrees to the following restrictive covenants:

- **No Team Member Poaching:** The Developer shall not solicit, recruit, or encourage any employee, contractor, or contributor of the Studio to leave their position or to join any other project or entity that would compete with or adversely affect the Studio. This includes refraining from direct or indirect efforts to induce colleagues from the Studio to discontinue working with the Studio or to diminish their commitments to the Studio's projects.
- **No Diversion of Business Opportunities:** The Developer shall not divert or attempt to divert any clients, customers, investors, or business partners of the Studio to a competing person or entity. The Developer will not

engage in any activity that interferes with the Studio's relationships with its partners or that seeks to take away business opportunities intended for the Studio.

These non-solicitation obligations are reasonable and necessary to protect the Studio's business and the collaborative team environment of the Studio's projects. If the Developer violates this Section 7, it will be considered a material breach of this Agreement and may result in legal action or injunctive relief to enforce these terms. The time period of one year will be extended by any period of time in which the Developer is in breach of these obligations, to ensure the Studio receives the full benefit of the intended one-year restriction.

8. Intellectual Property Rights

The Developer agrees that all work products, contributions, and intellectual property (including but not limited to code, artwork, designs, writing, or other creative material) that they create as part of any Studio project are the **sole property of the Studio**. To the maximum extent permitted by law, any such contributions are considered "works made for hire" for the Studio. In cases where a contribution may not legally qualify as a work made for hire, the Developer hereby irrevocably assigns to the Studio all rights, title, and interest in and to that contribution, including all associated intellectual property rights.

The Studio shall have the exclusive, perpetual, royalty-free right to use, reproduce, modify, adapt, publish, distribute, license, sell, or otherwise exploit the Developer's contributed work as part of its games or any related products. The Developer retains no ownership or control over the contributed intellectual property, except that the Developer will receive credit as appropriate and will enjoy the profit-sharing rights as outlined in this Agreement. The Developer may include samples of their contributed work in personal portfolios or resumes for purposes of showcasing their experience, **provided** that such use is non-commercial and does not disclose any Studio confidential information or trade secrets.

The Developer also waives any "moral rights" or rights of attribution in their contributions, to the extent permissible, acknowledging that the Studio may edit or alter the contributions and amalgamate them with other work. The Developer will, upon the Studio's request, execute any additional documents necessary to perfect or evidence the Studio's ownership of the intellectual property. This full transfer of IP rights is a fundamental condition of this Agreement, ensuring the Studio can operate and commercialize the games without impediment, while the Developer is compensated through the profit-sharing structure.

9. Studio's Retained Equity from Developer's Share

9.1. Developer-Specific Retained Equity: The Studio shall retain a portion of each Developer's vested profit-sharing equity in each game project to account for the Studio's overhead, platform, and publishing contributions. Specifically, the Studio retains **20%** of the Developer's profit share from each project as a baseline. This means that when a Developer's equity percentage for a game is determined (through the point system and stage allocations), the Studio will take 20% of that percentage for the Studio's own profit pool. The remaining 80% of that equity percentage is what the Developer actually receives as their share. This retained portion ensures the Studio maintains an ongoing stake in every project's profits, aligning the Studio's interests with the success of the game alongside the contributors.

Example: If the Developer ultimately earns a 5% profit share of a game's revenues based on their contributions, the Studio would retain 1% (which is 20% of 5%), and the Developer would net a 4% share of the profits. The Studio's retained share is not taken from the Developer's *stages* points or calculations, but rather applied at the end as the profit is distributed.

9.2. Adjustments for Employment or Contract Roles: If the Developer transitions into a paid role with the Studio (for example, becomes a salaried employee or a paid contractor of the Studio) during the development of a project, the Studio and Developer recognize that the compensation structure has changed. In such cases, the Studio reserves the right to increase the Studio's retained percentage of that Developer's profit-sharing equity to reflect the salary or contract compensation being provided (since the Developer would then be receiving traditional compensation in addition to equity). However, any increase in the retained share will be reasonable and will not exceed **80%** of the Developer's total vested equity for the project.

This means, continuing the above example, if the Developer was hired and put on salary, the Studio might negotiate to retain a larger portion – say the Studio retains 80% of that 5%, meaning the Developer would each effectively get 1%% on that portion and Studio would each effectively get 4% on that portion. Any such adjustment will be discussed and agreed in writing at the time of the Developer's hiring or change of status. The adjustment (if any) would apply only to equity from stages going forward that are unvested at the time of transition; already vested equity from completed stages would remain as originally allocated unless separately agreed.

For clarity, all equity granted under this Agreement is a **non-voting profit interest** specific to the game(s) the Developer worked on. If the Developer becomes an employee or enters a traditional contract, that is a separate relationship – this Agreement's equity can be adjusted for future stages of games under development to account for that new compensation, but it does not transform the equity into something else (it remains a game profit share). Any changes to vested equity must be mutually agreed in writing, and no unilateral changes will affect what the Developer has already earned.

10. Consultative Exit Clause

If the Developer accepts employment or an engagement with a third-party game studio or any enterprise that could be considered a competitor to the Studio, the Developer agrees to notify the Studio promptly. In such an event, at the Studio's request the Developer will participate in a good-faith consultation with the Studio's management to discuss and implement appropriate measures to protect the Studio's confidential information, ongoing projects, and intellectual property.

Following this consultation, the Studio reserves the right to require the Developer to conclude their involvement in any current Studio projects. This means the Developer may be asked to step away from the project team and cease contributing, to avoid any conflicts of interest or risk of information leakage to the new employer/competitor. The Developer would still retain any vested equity earned up to that point, but would not continue to earn new equity (as per the departure provisions of Section 2.8).

This clause is designed to balance the Developer's freedom to pursue new opportunities with the Studio's need to safeguard its competitive position and projects. By agreeing, the Developer acknowledges that working for a competitor while simultaneously contributing to the Studio's project could create a conflict, and that the Studio is entitled to protect itself in that scenario. The consultation process is intended to find a fair resolution (for example, setting up information barriers or agreeing on a transition plan), but the Studio's decision to have the Developer exit the project will be final if the Studio deems it necessary for protection of its interests.

11. Governing Law

This Agreement shall be governed by and construed in accordance with the **laws of the State of Delaware**, without regard to its conflict of laws principles. The Developer and the Studio agree that any action or proceeding arising from or relating to this Agreement that is brought in a court (as opposed to through arbitration as set forth below) shall fall under the exclusive

jurisdiction of the state or federal courts located in Delaware. Both parties consent to the personal jurisdiction of such Delaware courts for such purposes.

Delaware law is chosen due to its established legal framework for business agreements, and the parties agree that this choice of law provides certainty and predictability in interpreting the Agreement's terms.

12. Miscellaneous

Entire Agreement: This Agreement constitutes the entire understanding between the Studio and the Developer regarding profit-sharing equity for the Developer's contributions. It supersedes all prior or contemporaneous agreements, understandings, or communications (whether written or oral) on this subject. The parties confirm that there are no other promises or conditions in any other agreement that are not included in this Agreement.

Amendments: This Agreement may be modified or amended only by a written instrument signed by both the Studio and the Developer. No oral modifications will be effective. Any change to the terms (for example, adjusting the equity allocation model or adding new provisions) must be documented in writing and signed to become valid.

Severability: If any provision of this Agreement is found to be illegal, invalid, or unenforceable under applicable law, that provision shall be modified to the minimum extent necessary to make it enforceable (or, if not possible, deemed severed from the Agreement), and the remainder of the Agreement will remain in full force and effect. In other words, the invalidity of one clause will not invalidate the whole Agreement; all other provisions will continue to bind the parties.

No Waiver: A failure by either party to enforce any provision of this Agreement or to exercise any right herein shall not be construed as a waiver of that party's rights to subsequently enforce any provision or exercise any right. Waiver of any breach must be in writing and a written waiver of one instance of breach does not constitute a waiver of any future breach.

Assignment: The Developer may not assign or transfer any rights or obligations under this Agreement to any other person or entity without the prior written consent of the Studio. The profit-share equity rights are personal to the Developer and tied to their contributions. The Studio may assign its rights and obligations under this Agreement to a successor entity or purchaser of the Studio's business or assets, provided that the assignment does not reduce the Developer's rights under this Agreement.

Notice: Any notices required under this Agreement shall be given in writing and delivered to the parties at the addresses stated above (or at such other address as a party may designate in writing). Notices shall be delivered by hand, by certified mail (return receipt requested), or by a nationally recognized overnight courier. Notice is deemed given upon receipt or refusal of delivery.

13. Independent Contractor Status

The Developer's relationship with the Studio under this Agreement is that of an **independent contractor**. Nothing in this Agreement is intended to, or shall be deemed to, create an employment, partnership, joint venture, or agency relationship between the Developer and the Studio. The Developer has no authority to bind or obligate the Studio in any manner, and the Developer shall not represent to any third party that they have any such authority.

The Developer acknowledges that they are not an employee of the Studio and are not entitled to wages, a salary, health insurance, benefits, worker's compensation, unemployment compensation, or any other incident of employment. The only compensation the Developer will receive from the Studio for their contributions is the profit-sharing equity explicitly described in this Agreement, if any is earned pursuant to the Agreement's terms. The Developer is solely responsible for all

taxes or withholdings on any profit-share distributions they receive; the Studio will not withhold or pay any income tax, social security, payroll tax, or other payroll deductions on the Developer's behalf.

The Developer further acknowledges that because they are a contractor, the Studio will not provide any training, equipment, or direction on *how* to perform their work beyond the general goals and collaboration expected for the project. The Developer is free to determine the manner and means of their work on the project (consistent with Section 2.1's collaboration expectations) and is solely responsible for their own workspace, tools, and methods. The Developer is also free to engage in other contracts or employment outside of their contributions to the Studio's projects, provided that such activities do not conflict with or breach this Agreement (e.g. do not involve misusing the Studio's confidential information or soliciting team members as per Section 7).

The Developer expressly waives any right to claim at any time that they were or have become an employee of the Studio with respect to their contributions under this Agreement. The Developer agrees to indemnify and hold the Studio harmless from any claims, liabilities, or expenses (including reasonable attorneys' fees) arising from any contention by the Developer (or anyone claiming through the Developer) that the Developer was misclassified or is owed any employee benefits or compensation. This provision is a material part of the Agreement: the Studio is engaging the Developer only on the basis of an independent contractor relationship tied to profit-sharing, and not as a hired employee.

14. Compliance with Local Laws

The Developer is responsible for complying with all applicable local, state, and national laws in connection with their performance under this Agreement. This includes, without limitation, obligations relating to tax reporting and payment, immigration or work authorization laws, and any business licensing or registration requirements for independent contractors in the Developer's jurisdiction. The Developer warrants that entering into and performing this Agreement does not violate any law or regulation applicable to them, and that they have obtained any permits or licenses required to carry out the work (if any).

If the Developer is located outside of the United States or in a different state, the Developer must ensure that performing the services as an independent contractor and receiving profit-share distributions is lawful in their locale. The Studio makes no representations or guarantees that this Agreement conforms to any laws other than those of Delaware and U.S. federal law. The Developer agrees that if any local regulations impose additional requirements on the Developer (such as registering as self-employed, or paying self-employment taxes), the Developer will fulfill those requirements at their own expense.

The Developer's status as an independent contractor, as defined in Section 13, remains the same regardless of the duration or frequency of their contributions. Even if the Developer contributes to multiple projects over an extended period, they will not be considered an employee of the Studio under this Agreement. This ensures that compliance obligations and the nature of the relationship remain clear and consistent.

The Developer shall hold the Studio harmless from any penalties, fines, or legal fees incurred due to the Developer's failure to comply with laws applicable to the Developer's performance (for example, if the Developer fails to pay required taxes or violates a visa restriction). In summary, the Developer must conduct their activities under this Agreement in full compliance with all laws that apply to them individually.

15. Dispute Resolution

In the event of any dispute, claim, or controversy arising out of or relating to this Agreement or the Developer's contributions (including, but not limited to, disputes about equity allocation, the Developer's status as an independent

contractor, or breach of this Agreement), the parties agree to attempt in good faith to resolve the dispute through **mediation** first. Either party may initiate mediation by providing written notice to the other party of the dispute and the desire to mediate. The mediation will be conducted in a manner and location mutually agreed by the parties (or, if no agreement, through a mediation service in Delaware chosen by the Studio). The parties shall share the cost of the mediator equally. If the dispute is not resolved within 30 days from the start of mediation (or if the other party refuses to participate in mediation), either party may then initiate **binding arbitration** as the exclusive further remedy for the dispute.

Any arbitration will be administered by a recognized arbitration organization (such as the American Arbitration Association) under its Commercial Arbitration Rules, and the arbitration shall take place in the State of Delaware (unless the parties mutually agree to a different location). **Arbitration** shall be conducted before a single arbitrator, and the arbitrator's decision shall be final and binding on both parties. The arbitrator is empowered to award any relief that a court could award, including injunctive relief or damages, but may not vary the terms of this Agreement. Judgment upon the arbitration award may be entered in any court having jurisdiction thereof.

Notwithstanding the above, either party may seek temporary or preliminary injunctive relief in a court of law to prevent irreparable harm (for example, to enforce non-solicitation or protect intellectual property) while the mediation/arbitration process is underway, but any permanent relief shall be determined through arbitration. By signing this Agreement, the Developer and the Studio each waive the right to a trial by jury or to participate in a class action for any dispute arising under this Agreement.

Both parties agree that any dispute resolution proceedings (whether mediation, arbitration, or court) will be conducted on an **individual** basis only and not in a class, consolidated, or representative action.

IN WITNESS WHEREOF, the parties hereto have executed this Equity Ownership Agreement as of the dates written below, thereby acknowledging that they have read and understood its terms and agree to be bound by them.

[Developer's Name]

Signature: _____

Date: _____

Indie Games Startup LLC

Signature: _____

Name/Title: _____

Date: _____