FRANCHISE DISCLOSURE DOCUMENT

GloStation Franchising USA, Inc.
a Delaware corporation
4695 Chabot Drive, Suite 200
Pleasanton, California 94588
(925) 558-2768
franchise@sandboxvr.com
www.sandboxvr.com

As a franchisee, you will own and operate a Sandbox VR Business featuring live-action, hyper reality experiences, including virtual reality and physical adventures, with a full body tracking system. The total investment necessary to begin operation of a Sandbox VR Business is $764,000 to $1,318,000. This includes $350,000 to $353,600 that must be paid to the franchisor or affiliate. We and you may choose to sign a Development Rights Agreement under which you will develop a number of Sandbox VR Businesses. We expect the Development Rights Agreement to cover between 2 and 10 Sandbox VR Businesses. The total investment necessary to begin operation under a Development Rights Agreement is $814,000 to $1,688,000. This includes $400,000 to $723,600 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 Gina Moughty, our Senior Franchise Account Executive, at 4695 Chabot Drive, Suite 200, Pleasanton, California 94588, (925) 558-2768.

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. Information on franchising, such as "A Consumer's Guide to Buying a Franchise," which can help you understand how to use this disclosure document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, D.C. 20580. You can also visit the FTC's home page at www.ftc.gov for additional information. Call your state agency or visit your public library for other sources of information on franchising.

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

Issuance date of this Franchise Disclosure Document: May 10, 2023

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 F and G.
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 H 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 Sandbox VR business in my area?	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What's it like to be a Sandbox VR franchisee?	Item 20 or Exhibits F and G 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 A.

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

Special Risks to Consider About *This* Franchise

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

1. **Out-of-State Dispute Resolution**. The franchise agreement and development rights agreement require you to resolve disputes with the franchisor by arbitration and/or litigation in the city and state where the franchisor maintains its principal business (currently Pleasanton, California). Out-of-state arbitration or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to arbitrate or litigate with the franchisor in California than in your own state.

2. **Supplier Control**. You must purchase all or nearly all of the inventory or supplies that are necessary to operate your business from the franchisor, its affiliates, or suppliers that the franchisor designates, at prices the franchisor or they set. These prices may be higher than prices you could obtain elsewhere for the same or similar goods. This may reduce the anticipated profit of your franchise business.

3. **Financial Condition**. The franchisor's financial condition, as reflected in its financial statements (see Item 21), calls into question the franchisor's financial ability to provide services and support to you.

4. **Mandatory Minimum Payments**. You must make minimum royalty or advertising fund payments, regardless of your sales levels. Your inability to make the payments, may result in termination of your franchise and loss of your investment.

Certain states may require other risks to be highlighted. Check the "State Specific Addenda" (if any) to see whether your state requires other risks to be highlighted.

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

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

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

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

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

(d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.

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

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

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

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

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

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

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

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

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

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

Any questions regarding this notice should be directed to:

State of Michigan Consumer Protection Division
Attn: Franchise Section
670 G. Mennen Williams Building
525 West Ottawa, Lansing, Michigan 48909
(517) 335-7567

Despite subparagraph (f) above, we intend to enforce fully the provisions of the arbitration section contained in our Franchise Agreement. We believe that subparagraph (f) is unconstitutional and cannot preclude us from enforcing our arbitration section. You acknowledge that we will seek to enforce that section as written, and you will agree in the Franchise Agreement to abide by its terms.

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Item 1

THE FRANCHISOR AND ANY PARENTS, PREDECESSORS, AND AFFILIATES

Us and Our Related Companies

To simplify the language in this disclosure document, "**we**" or "**us**" means GloStation Franchising USA, Inc., the franchisor. "**You**" means the person or entity that acquires the franchise. If you are a corporation, limited liability company or other entity, your owners must sign either the Guaranty or Key Personnel Agreement attached to the "**Franchise Agreement**" (Exhibit B), which means that all or some of the provisions of the Franchise Agreement also will apply to your owners.

We are a corporation formed in Delaware on December 19, 2017. We do business under the name Sandbox VR®. We first started offering franchises in April 2019. We have never operated Sandbox VR Businesses or offered franchises in any other line of business. We have no other business activities except those described here. Our principal business address is at 4695 Chabot Drive, Suite 200, Pleasanton, California 94588. If we have an agent for service of process in your state, we disclose that agent in Exhibit A.

We have no predecessors. Our parent company is GloStation USA, Inc., a Delaware corporation whose principal business address is the same as our address ("**GSUSA**"). GSUSA is a wholly owned subsidiary of Sandbox VR Inc., a Delaware corporation whose principal address is Unit No. 1-8, Level 10, Tower 1, Kowloon Commerce Centre, No. 51 Kwai Cheong Road, Kwai Chung, N.T. Hong Kong ("**Sandbox VR Inc.**"). Neither GSUSA nor Sandbox VR Inc. has ever offered franchises in any line of business and neither owns or operates a business of the type being offered under this disclosure document. GSUSA is the sole approved supplier for the virtual reality gaming systems that our franchisees must purchase.

Our affiliate, Glo Big Boss Limited ("**Glo Big**"), is a Hong Kong company whose principal business address is the same as Sandbox VR Inc.'s principal business address. Glo Big owns and operates 1 business in Hong Kong of the type being offered under this disclosure document. Glo Big has never offered franchises in any line of business. Glo Big also owns the Marks (defined below) and the patents and copyrights (described in Item 14), which it has licensed to us so that we may sublicense them to our franchisees.

Our affiliate, Glo Franchising LTD ("**Glo Franchising**"), is a Hong Kong limited liability company whose principal business address is 13/F The Cameron, No. 33 Cameron Road, Tsim Sha Tsui, Kowloon, Hong Kong. Glo Franchising does not own or operate a business of the type being offered under this disclosure document but it has offered franchises for Sandbox VR Businesses outside of the United States since February 2018. As of December 31, 2022, Glo Franchising has sold 3 franchises outside of the United States.

Franchise Opportunity

We grant franchises for businesses featuring live-action, hyper reality experiences, including virtual reality and physical adventures, with a full body tracking system, and other products and services which are primarily identified by the Marks (defined below) and use the Franchise System (defined below) (collectively, "**Sandbox VR Businesses**"). Sandbox VR Businesses operate under certain trademarks, service marks, and other commercial symbols, and we may periodically create, use and license or sublicense other trademarks, service marks and commercial symbols for use in

operating Sandbox VR Businesses, such as SANDBOX VR, which we may periodically modify (collectively, the "**Marks**"). "**Franchise System**" means our business system, business formats, techniques and processes, methods, procedures, signs, designs, layouts, trade dress, equipment, marketing programs, standards, specifications, Marks, Experiences (defined below), and related items, all of which we may improve, further develop and otherwise modify periodically. A typical Sandbox VR Business includes at least 2 game rooms (each, a "**Holodeck**"). Each Holodeck supports 2 to 6 participants for each virtual reality or physical adventure experience (each, an "**Experience**"). We may add and remove the Experiences available to you following written notice.

In this disclosure document, we call the Sandbox VR Business that you will operate under the Franchise Agreement your "**Franchised Business**." You must operate the Franchised Business from a site we accept (the "**Site**"). You must operate the Franchised Business according to the operating manual and/or other manuals (collectively, the "**Operations Manual**"). The Operations Manual contains mandatory and suggested specifications, standards, operating procedures and rules that we periodically specify for developing and/or operating a Sandbox VR Business ("**System Standards**") and information on your other obligations under the Franchise Agreement. You must operate the Franchised Business, including the Experiences, according to our System Standards.

Before signing or at the same time as signing a Franchise Agreement, we and you may sign a "**Development Rights Agreement**" (Exhibit C) under which you and/or any company of which you own 100% of the ownership interests (a "**Controlled Affiliate**") will sign franchise agreements for and develop a specified number of Sandbox VR Businesses to be located within a specifically described geographic territory (the "**Development Area**"). Before you sign the Development Rights Agreement, we and you will agree to the Development Area, the number of Sandbox VR Businesses you must open in the Development Area, and the timeframe within which you must sign franchise agreements for and open each Sandbox VR Business (the "**Development Schedule**"). We will grant Sandbox VR Business franchises under the Development Rights Agreement only to you or your Controlled Affiliates, and franchises that we grant to your Controlled Affiliates will count toward your Development Schedule. You (or your Controlled Affiliates) will sign our then current form of franchise agreement, which may differ from the Franchise Agreement included in this disclosure document, for each Sandbox VR Business developed under the Development Rights Agreement. However, for each franchise agreement that the Development Rights Agreement covers, the initial franchise fee is 80% of the then current initial franchise fee for a franchisee's first Sandbox VR Business.

Market and Competition

The market for live-action, hyper reality and physical adventure gaming is still developing but we expect it to be competitive. Sandbox VR Businesses offer their products and services to the general public. Sales are not seasonal. Your competitors include other similar entertainment venues for children, adults and their families, some of which may be regional or national in scope. Entertainment venues compete based on many factors, such as price, service, product and service quality, location, promotions and marketing programs.

Industry Regulations

Many federal, state and local laws govern the entertainment industry, including safety regulations and child protection laws. These laws may include licensing requirements, personnel screening obligations involving background checks and criminal records checks, and obligations to report evidence of child abuse and neglect. You must comply with these laws and other laws

and regulations that apply to businesses generally, such as those relating to site location and building construction like the Americans with Disabilities Act. You should consider these and other laws and regulations when evaluating your purchase of a franchise.

Item 2

BUSINESS EXPERIENCE

Chief Executive Officer – Steven Zhao

Mr. Zhao has been our Chief Executive Officer since April 2020. He served as our President from December 2019 to April 2020. Mr. Zhao also served as our Chief Executive Officer from May 2016 to November 2019. Since May 2016, he also has served as founder of GSUSA. Mr. Zhao is based in Hong Kong.

Chief Financial Officer – Sam Veazey

Mr. Veazey has been our Chief Financial Officer since May 2022. From October 2012 to May 2022, he served as VP Finance of Houzz in Palo Alto, California. Mr. Veazey is based in Pleasanton, California.

Senior Franchise Account Executive – Gina Moughty

Ms. Moughty has been our Senior Franchise Account Executive since January 2023. From May 2021 to January 2023, she served as our Head of Franchise Development. From January 2020 to May 2021, she served as our Manager of Franchise Development. From February 2019 to December 2019, she served as Senior Director of Franchise Sales for The Simple Greek, LLC in Blue Bell, Pennsylvania. From April 2008 to January 2019, Ms. Moughty served as Senior Director of Franchise Sales for Rita's Italian Ice Franchise Company, LLC in Trevose, Pennsylvania. Ms. Moughty is based in Rockland County, New York.

Head of Operations Platform – Yeuk Hang Mak

Mr. Mak has been our Head of Operations Platform since October 2018. From April 2013 to October 2018, he was Engineering Lead for Accedo in Hong Kong. Mr. Mak is based in Hong Kong.

Director, Global Franchise Operations – Lee John Hebditch

Mr. Hebditch has been our Director, Global Franchise Operations since December 2022. From June 2017 to November 2022, he served as International Franchise & License Executive for Anglo Global Property Limited in Cardiff, Wales, United Kingdom. Mr. Hebditch is based in Cardiff, Wales, United Kingdom.

Vice President of Retail Operating – Aylang Lou

Ms. Lou has been our Vice President of Retail Operating since December 2019. From November 2013 to December 2019, she served as Vice President of Retail Stores for Lolli and Pop's, Inc. in San Francisco, California. Ms. Lou is based in Pleasanton, California.

Vice President of People – Adam William Hilliard

Mr. Hilliard has been our Vice President of People since May 2022. From June 2019 to May 2022, he served as Head of Culture, People and Facilities for Core Digital Media in Playa Vista, California. From August 2018 to May 2019, he served as Vice President of HR for Tube Science in Los Angeles, California. From August 2016 to August 2018, Mr. Hilliard served as Talent Operations Manager of Riot Games in Santa Monica, California. Mr. Hilliard is based in Los Angeles, California.

Creative Director – Michael Carson Hampden

Mr. Hampden has been our Creative Director since November 2018. From May 2015 to October 2018, he was the Principal Designer for Sony Interactive Entertainment in London, UK. Mr. Hampden is based in Hong Kong.

Director of Finance – Elaine Yuen Man Kwan

Ms. Kwan has been our Director of Finance since September 2020. She was our Financial Controller from August 2019 to September 2020. From April 2017 to July 2019, Ms. Kwan was Group Financial Controller for Pavillions Resorts Limited in Hong Kong. Ms. Kwan is based in Hong Kong.

Item 3

LITIGATION

Vortex Gaming Ltd. and Vortex Gaming T1 Ltd. v. GloStation Franchising USA, Inc. dba Sandbox, No. CV-23-00694933-0000 (Sup. Ct. of Justice, Ontario)

Vortex Gaming Ltd. and Vortex Gaming T1 Ltd. (collectively, "**Vortex**") are our franchisees in Canada. In January 2023, we issued notices of termination for failure to pay outstanding amounts with respect to several franchise agreements between us and Vortex. On February 17, 2023, Vortex filed an action in the Ontario Superior Court of Justice against us. The action seeks: (a) an injunction restraining us from terminating or purporting to terminate the franchise agreements between us and Vortex; and (b) a declaration that any such termination or purported termination is ineffective or wrongful at law. Vortex's Notice of Motion and Statement of Claim allege that we breached our franchise agreements with Vortex by terminating those franchise agreements before delivering certain equipment to Vortex. Vortex further alleges that we breached our statutory duty of fair dealing under Ontario's Arthur Wishart Act (Franchise Disclosure), 2000 (the "**Wishart Act**"). In addition to the injunction and declaration, Vortex seeks CAD$151,600,000 in damages, along with other incidental relief. The hearing date for the injunctive relief is May 17, 2023. We believe that the amount of damages that Vortex is seeking is unsubstantiated by anything in the pleadings or otherwise and we intend to defend against the claims vigorously.

GloStation Franchising USA, Inc. v. Vortex Gaming Ltd. and Vortex Gaming T1 Ltd. (AAA Case No. 01-23-0001-0748).

On March 15, 2023, we filed a Demand for Arbitration claim against Vortex. The demand claims that we terminated 7 of Vortex's 8 franchise agreements after Vortex failed to cure monetary defaults under the franchise agreements relating to payment of initial franchise fees.

The demand seeks: (a) enforcement of our post-termination rights regarding a Sandbox VR Business that Vortex continues to operate despite termination, and (b) a declaration that we have the right to terminate the 8th franchise agreement based on Vortex's uncured monetary defaults and termination of the other franchise agreements. In addition, we are seeking an award of damages to be proven at the hearing for breaches of the 8 franchise agreements, including failure to pay initial franchise fees, ongoing royalties, and liquidated damages. On April 19, 2023, Vortex filed an answer and counterclaim against us. In the counterclaim, Vortex claims that we breached our statutory duty of fair dealing under the Wishart Act and British Columbia's Franchises Act (the "Franchises Act"), by purporting to terminate 8 of Vortex's franchise agreements. Vortex further alleges that we breached those franchise agreements by purporting to terminate them. Vortex seeks: (1) a permanent injunction restraining us and our personnel from terminating or purporting to terminate the franchise agreements; (2) a declaration that any such termination or purported termination is ineffective or wrongful at law, or in the alternative, relief from forfeiture; (3) damages for breach of contract in the amount of $9,499,999.99; (4) damages for breach of the Wishart Act and the Franchises Act in the amount of $500,000; (5) a declaration that certain provisions of the franchise agreements are invalid under the Wishart Act or the Franchises Act, as applicable; (6) costs on a substantial indemnity basis; (7) pre and post judgment interest on any sums awarded; and (8) any other relief that the nature of the dispute requires. We believe that we will prevail upon the merits of our claims against Vortex, and further believe that the amount of damages that Vortex is seeking is unsubstantiated by anything in the pleadings or otherwise and we intend to defend against the claims vigorously.

Other than these actions, no litigation is required to be disclosed in this Item.

Item 4

BANKRUPTCY

GSUSA (case no. 1:20-bk-11435-MB) and our affiliates GloStation Core USA, Inc. (case no. 1:20-bk-11436-MB), Sandbox VR Topanga, LLC (case no. 1:20-bk-11434-MB), Sandbox VR Mission Valley, LLC (case no. 1:20-bk-11437-MB), Sandbox VR San Mateo, LLC (case no. 1:20-bk-11438-MB), Sandbox VR Cerritos, LLC (case no. 1:20-bk-11439-MB), Sandbox VR Ridge Hill, LLC (case no. 1:20-bk-11440-MB), Sandbox VR Austin, LLC (case no. 1:20-bk-11441-MB), Sandbox VR Colony, LLC (case no. 1:20-bk-11442-MB), Sandbox VR Oakbrook, LLC (case no. 1:20-bk-11443-MB), and Sandbox VR Pop-Up, LLC (case no. 1:20-bk-11444-MB) commenced voluntary chapter 11 bankruptcy reorganization cases in the United States Bankruptcy Court for the Central District of California (San Fernando Valley Division) on August 13, 2020. Before entering chapter 11, these entities and our Ultimate Parent entered a Plan Support Agreement ("**PSA**") and Plan Term Sheet with their secured lenders (Silicon Valley Bank, Triple Point Capital, and Atel Ventures). Under the PSA and term sheet, the secured lenders agreed to restructure their debt and support the reorganization plan for the chapter 11 entities. The entities' joint Chapter 11 plan was confirmed by the Court on November 25, 2020. The final decree closing the case was issued on February 11, 2021.

Other than these matters, no bankruptcy is required to be disclosed in this Item.

Item 5

INITIAL FEES

Franchise Agreement

When you sign the Franchise Agreement, you must pay us a lump sum initial franchise fee of $50,000, less any amount credited toward the initial franchise fee under a Development Rights Agreement between us and you or your affiliate. This initial franchise fee is uniform and not refundable under any circumstances.

If you enter into a Development Rights Agreement, the initial franchise fee for your third and each subsequent Sandbox VR Business will be 80% of the then-current initial franchise fee for a single Sandbox VR Business (the fee that is in effect when the Franchise Agreement for such Sandbox VR Business is signed). Currently, the initial franchise fee for your third and each subsequent Sandbox VR Business is $40,000 but this fee may change in the future.

We will provide you up to 3 test fit layouts at no charge to confirm that a Sandbox VR Business can be operated at a proposed site. We will charge you a design services fee of $3,000 per test fit layout for the 4th and each subsequent test fit layout (if any) for the Franchised Business. If we elect, at our option, to send our personnel to the site selection area to review, evaluate, and/or tour with you any proposed sites for the Franchised Business, you must reimburse us for our and our personnel's costs and expenses incurred for each visit.

Before you open the Franchised Business for business, we will provide an initial brand standard training program for your Managing Owner (defined in Item 15), your General Manager (defined in Item 15), and 1 assistant manager at the Franchised Business (the "**Initial Training Program**"). However, if the Managing Owner has attended and completed the Initial Training Program to our satisfaction under an existing franchise agreement with us, we will not require the Managing Owner to attend the Initial Training Program. At your option, additional personnel for the Franchised Business may attend the Initial Training Program. Except as otherwise described below, we provide the Initial Training Program to 3 individuals associated with the Franchised Business at no charge. Additional members of the Franchised Business staff may participate, but we may charge a fee for each additional participant. We currently charge $300 per day for each additional staff member. If we determine that you or any of your personnel cannot complete the Initial Training Program to our satisfaction, then we may require you or your personnel to attend additional training programs at your expense for which we may charge fees (currently $300 per day per trainer). Training fees are not refundable under any circumstance.

Before you open the Franchised Business for business, you must purchase from GSUSA the initial virtual reality system hardware, including goggles, full-body tracking system, video surveillance, virtual reality experiences and related equipment (including props specific to the initial Experiences offered at the Franchised Business and various replacement parts) (collectively, the "**Sandbox VR Start-Up Equipment Package**") for each Holodeck at your Franchised Business. As of the date of this disclosure document, the price of each Sandbox VR Start-Up Equipment Package is $130,000 (plus shipping, handling and export charges). In addition, you must pay GSUSA an installation fee to install and deploy each Sandbox VR Start-Up Equipment Package at the Franchised Business before opening (the "**Installation Fee**"). As of the date of this disclosure document, the Installation Fee is $20,000. If your Franchised Business has 2 Holodecks, you must pay GSUSA $300,000 for the Sandbox VR Start-Up Equipment Packages and Installation Fees.

Development Rights Agreement

If you sign a Development Rights Agreement, you must pay us a development fee equal to 100% of the initial franchise fee for each of the Sandbox VR Businesses you commit to develop (based on the initial franchise fees in effect at the time you execute the Development Rights Agreement). As stated above, we currently charge an initial franchise fee for the third and each subsequent Sandbox VR Business equal to 80% of the then-current initial franchise fee for a single Sandbox VR Business. Currently, the development fee will range between $100,000 to $420,000 if you commit to develop between 2 to 10 Sandbox VR Businesses (based on $50,000 for the first 2 Sandbox VR Businesses and 80% of $50,000 for each additional Sandbox VR Business). You must pay us this fee in a lump sum when you sign the Development Rights Agreement. We will not refund the development fee under any circumstances, but we will credit the development fee towards the initial franchise fee for each Sandbox VR Business developed under the Development Rights Agreement (which will be based on the then-current initial franchise fee, which may be more than the current fees for additional Sandbox VR Businesses). We expect the Development Rights Agreements to cover between 2 and 10 Sandbox VR Businesses.

Item 6

OTHER FEES

Column 1 **Type of Fee[(1)]**	**Column 2** **Amount**	**Column 3** **Due Date**	**Column 4** **Remarks**
Royalty	The greater of: (a) 5% of Gross Sales[(2)] of the Franchised Business; or (b) the Minimum Royalty	On the day of each month we periodically specify ("**Payment Day**"), currently 30 days after the date of our invoice.	See Note (1). As of the date of this disclosure document, the "**Minimum Royalty**" is $2,000 per Holodeck at the Franchised Business, but we may adjust the Minimum Royalty at the end of every 24-month period during the Franchise Agreement's term based on your performance during such 24-month period.
Experience Fee	For each Experience, a minimum of 20% of Content Revenue[(3)], which amount will vary for each Experience depending on our third-party licensing costs incurred in connection with the applicable Experience	Simultaneously with the Royalty	Paid to us to compensate us for various services and assistance provided to you by us and our designees in connection with the provision and support of the Experiences. The Experience Fee is a per player cost based on the Experiences played and the number of players per session during each month.

Column 1 Type of Fee[(1)]	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
			We may increase the Experience Fee by up to 5% annually.
Brand Development Fund[(4)] Contribution	The amount we periodically specify up to 10% of the Gross Sales of the Franchised Business, subject to the Marketing Spending Requirement[(5)] Currently, 1% of Gross Sales	Simultaneously with the Royalty	
Online Marketing Fee	$4,000 per month	Simultaneously with the Royalty	Paid to us to compensate us for various services performed by us, our affiliates, or our designees to establish and operate websites, social media accounts, applications, keyword or adword purchasing programs, or other means of digital advertising on the Internet or any electronic communications network to promote the Marks and the Sandbox VR Businesses. We may increase the Online Marketing Fee by up to 5% annually.
Additional Fee	Varies depending on additional programs, technologies, services, events and products we or third parties supply as part of the Franchise System	Unless otherwise indicated, simultaneously with the Royalty	We may charge you fees for other and additional programs, technologies, services, events and products we or third parties supply and which we make part of the Franchise System (the "**Additional Fee**"). The Additional Fee is payable to us to compensate us for procuring, developing, and supplying new programs, technologies, services, events, and products to you as part of the Franchise System during the Franchise Agreement's term.

Column 1 Type of Fee[(1)]	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
Advertising Cooperative contributions	If established, the amount the cooperative periodically establishes, subject to the Marketing Spending Requirement[(5)]	As the cooperative determines	See Note (6).
Marketing Spending Requirement shortfall	Difference between Marketing Spending Requirement and amount you spent	As incurred	See Note (5).
Reservation Operating Platform fee	Currently $2,000 per license per year, but could increase if our costs increase[(7)]	Monthly	See Note (8).
Customer Services	Currently none, but we may charge you reasonable fees for certain customer services that we provide for the Franchised Business	As incurred	See Note (8).
Ongoing training fees	Currently none but we may charge a fee in the future	As incurred	Payable only if we require additional training courses.
Design services fee	$3,000	As incurred	Payable to us for each test fit layout we provide to you in connection with a relocation or renovation of the Franchised Business.
Product and supplier review fees	Our costs for evaluating the proposed product or supplier	As incurred	If you request our approval of a product or supplier that we have not previously approved, you must reimburse us for our costs to evaluate such product or supplier.
Transfer fee – non-control transfer	$2,500	Before transfer if completed	Payable on proposed non-control transfer.
Transfer fee – control transfer	$25,000	Before transfer is completed	Payable on proposed control transfer, in addition to any transfer fee under Development Rights Agreement and other Franchise Agreements.

Column 1 Type of Fee[(1)]	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
Successor franchise fee	$12,500	Upon signing successor franchise agreement	
Costs and attorneys' fees	Will vary under circumstances	As incurred	Payable under Franchise Agreement and Development Rights Agreement by non-prevailing party if we or you initiate legal proceedings.
Indemnification	Will vary under circumstances	As incurred	You must indemnify and reimburse us and our affiliates under Franchise Agreement and Development Rights Agreement if we or they incur costs for claims arising from the development or operation of the Franchised Business, your business, your breach of the agreement or your noncompliance with any law.
Relocation	Our reasonable costs incurred in your relocation, currently we estimate $2,500 to $10,000 but could increase if our costs increase[(7)]	As incurred	Covers costs we incur in connection with the proposed relocation.
Interest	1.5% per month or highest interest rate the law allows, whichever is less	As incurred	Due on all overdue amounts and dishonored payments.
Insurance costs	Premiums plus our costs and expenses	As incurred	Due only if you fail to maintain (or prove you have) insurance and we, at our option, obtain insurance for you.
Mystery shopper service	All costs associated with the mystery shopper	As incurred	We may designate an independent evaluation service to conduct a "mystery shopper" quality control and evaluation program of the Sandbox VR Businesses. You must participate in the mystery shopper program and pay all related fees.

Column 1 Type of Fee[(1)]	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
Customer complaints and resolution	Our costs and expenses	As incurred	If we believe that you are not satisfactorily handling a material customer complaint, we may assist in resolving the complaint. If we assist you in resolving a complaint, you must reimburse our expenses related to our assistance.
Audit expenses	Cost of audit	As incurred	Due only if you fail to timely furnish reports or understate Royalty or Brand Development Fund Contributions by 2% or more.
Inspections	Currently $1,000 plus travel expenses, but could increase if costs increase[(7)]	As incurred	If you fail to satisfy our System Standards in any quality assurance inspection or evaluation, we may charge a reasonable fee for any additional inspections or evaluations.
Liquidated damages	Average monthly Royalties and Brand Development Fund Contributions that you owed during the 12 months before the month of termination (or the shorter period during which the Franchised Business operated) multiplied by 60 or the number of months remaining in the term, whichever is less	As incurred	Covers certain damages due if we terminate the Franchise Agreement before the term expires.
Deadline extension fee under Development Rights Agreement	$2,500	Before the deadline for selecting a site, signing a franchise agreement or opening a Sandbox VR Business	Your first deadline extension request will be at no charge, even if we grant the 60-day extension request. After that, you must pay us $2,500 each time you submit a deadline extension request. If we deny the 60-day extension, we will refund this fee.

Explanatory Notes

(1) Except as described for the deadline extension fee under the Development Rights Agreement, all fees in this Item 6 are non-refundable. These fees are imposed and collected by, and payable to, us. These fees are uniform for franchisees and developers signing the Franchise Agreement and Development Rights Agreement included in this disclosure document. There are currently no franchisee advertising cooperatives in the Sandbox VR Business network.

You must sign and deliver to us the documents we periodically require to authorize us to debit your bank account automatically for the Royalty, Experience Fee, Brand Development Fund Contribution and Online Marketing Fee (collectively, the "**Monthly Fees**"), and other amounts due under the Franchise Agreement or any related agreement between us (or our affiliates) and you. Under our current automatic debit program for the Franchised Business, we will debit your account on or after the Payment Day for the Monthly Fees. You must make the funds available for withdrawal by electronic transfer before each due date. If you fail to report the Gross Sales and/or Content Revenue of the Franchised Business, we may debit your account for 120% of the last Royalty, Brand Development Fund Contribution, and Experience Fee (as applicable) that we debited. If the amounts that we debit from your account are less than the amounts you actually owe us (once we have determined the actual Gross Sales and/or Content Revenue, as applicable, of the Franchised Business), we will debit your account for the balance, plus interest, on the day we specify. If the amounts that we debit from your account are greater than the amounts you actually owe us (once we have determined the actual Gross Sales of the Franchised Business), we will credit the excess (without interest) against the amounts we otherwise would debit from your account during the following month(s). We may periodically change the mechanism for your payments of the Monthly Fees and other amounts you owe to us and our affiliates under the Franchise Agreement or any related agreement upon written notice to you.

In addition to any sales, use and other transaction taxes that applicable law requires or permits us to collect from you for providing goods or services under the Franchise Agreement, you must pay us all federal, state, local or foreign (a) sales, use, excise, privilege, occupation or any other transactional taxes, and (b) other taxes or similar exactions, no matter how designated, that are imposed on us or that we are required to withhold relating to the receipt or accrual of Monthly Fees or any other amounts you pay us under the Franchise Agreement, excluding only taxes imposed on us for the privilege of conducting business and calculated based on our net income, capital, net worth, gross receipts, or some other basis or combination of those factors, but not excluding any gross receipts taxes imposed on us or our affiliates for your payments intended to reimburse us or our affiliates for expenditures incurred for your benefit and on your behalf. You must make these additional required payments in an amount necessary to provide us with after-tax receipts (taking into account any additional required payments) equal to the same amounts that we would have received if the additional tax liability or withholding had not been imposed or required.

(2) "**Gross Sales**" means all revenue that you receive or otherwise derive from operating the Franchised Business, whether from cash, check, credit and debit card, barter, exchange, trade credit, or other credit transactions, including Content Revenue and any implied or imputed Gross Sales from any business interruption insurance. However, "Gross Sales" excludes (a) sales taxes, use taxes, and other similar taxes added to the

sales price, collected from the customer and paid to the appropriate taxing authority; (b) any bona fide refunds and credits that are actually provided to customers; and (c) the face value of coupons or discounts that customers redeem. Each charge or sale upon credit constitutes a sale for the full price on the day during which the charge or sale is made, regardless of when you receive payment (whether full or partial, or at all) on that sale. Gift certificate, gift card, stored value card or similar program payments count as Gross Sales when the gift certificate, other instrument or applicable credit is redeemed.

(3) "**Content Revenue**" means, for each Experience, the revenue generated from that Experience at the Franchised Business.

(4) We administer and control the Brand Development Fund. The "**Brand Development Fund**" is a marketing and brand fund for the advertising, marketing, promotional, customer relationship management, public relations and other brand-related programs and materials for all or a group of Sandbox VR Businesses that we periodically deem appropriate. We currently collect Brand Development Fund contributions equal to 1% of Gross Sales.

(5) The "**Marketing Spending Requirement**" is the maximum amount that we can require you to spend on Brand Development Fund contributions, Cooperative (defined below) contributions and approved Local Marketing for the Franchised Business during each calendar month, and is an amount we periodically specify up to 10% of the Gross Sales of the Franchised Business during that calendar month. "**Local Marketing**" means the approved advertising, marketing, promotional, customer relationship management, public relations and other brand-related programs and materials that you or your agents or representatives develop or implement relating to the Franchised Business. We will not count towards your Marketing Spending Requirement the cost of free or discounted products or services, coupons, special offers or price reductions that you provide as a promotion, signs, personnel salaries, administrative costs, employee incentive programs, or other amounts that we, in our reasonable judgment, deem inappropriate for meeting the Marketing Spending Requirement. We may periodically review your books and records and require you to submit reports periodically to determine your Cooperative contributions and Local Marketing expenses. If you fail to spend (or prove that you spent) the Marketing Spending Requirement in any month, then in addition to our other rights, we may require you to pay us the shortfall as an additional Brand Development Fund contribution or for us to spend on Local Marketing for the Franchised Business.

(6) We may designate a geographic area in which 2 or more Sandbox VR Businesses are located as an area for an advertising or marketing cooperative (a "**Cooperative**"). The Cooperative's members in any area are the owners of all of the Sandbox VR Businesses located and operating in that area (including us and our affiliates, if applicable) that we can require to participate in the Cooperative. If we have established a Cooperative for the geographic area in which the Franchised Business is located when you sign the Franchise Agreement, or if we establish a Cooperative in that area during the Franchise Agreement's term, you must sign the documents that we require to become a member of the Cooperative and participate in the Cooperative as those documents require. You must contribute to the Cooperative the amounts that the Cooperative determines, subject to our approval and the Marketing Spending Requirement. All material decisions of the Cooperative, including contribution levels

(which also require our approval), will require the affirmative vote of more than 50% of all Sandbox VR Businesses participating in the Cooperative (including, if applicable, those that we or our affiliate operate), with each Sandbox VR Business receiving one vote.

(7) Some fees and payments might vary depending on our (or our affiliate's) costs to provide the applicable products or services or any additional products or services that we (or our affiliate) provide. If those costs increase or we (or our affiliate) offer additional products or services, we will provide you with written notice.

(8) We, our affiliates, or our designees may provide certain customer services for the Franchised Business, which may include the Reservation Operating Platform (defined below), a back-of-house customer service center, and remote payment processing (as we may periodically modify them, collectively, the "**Customer Services**"), for which we, our affiliate, or our designee may charge you fees. "**Reservation Operating Platform**" means any customer reservation and ticketing processes that we periodically specify in which all or certain Sandbox VR Businesses participate, including a proprietary web-based system and online reservation and ticketing platform (collectively, the "**Reservation Operating Platform**"), call-center and app-based reservation and ticketing processes, email and software subscriptions, and any other program or system that we may periodically specify. You must accept all tickets and fulfill all reservations that the Franchised Business receives through the Reservation Operating Platform according to the Franchise Agreement and all applicable System Standards to the maximum extent the law allows. We may periodically modify any Customer Services and/or the Reservation Operating Platform, including the services provided, and may periodically stop providing any or all Customer Services and/or Reservation Operating Platform access or services upon notice to you. As of the date of this disclosure document, you must subscribe to our current Reservation Operating Platform and pay a fee of $2,000 per license per year for use of such system and any and all costs that you incur relating to that system.

Item 7

ESTIMATED INITIAL INVESTMENT

Franchise Agreement

YOUR ESTIMATED INITIAL INVESTMENT

Column 1 Type of Expenditure (1)	Column 2 Amount	Column 3 Method of Payment	Column 4 When Due	Column 5 To Whom Payment is to be Made
Initial franchise fee **(2)**	$50,000	Installments if you sign Development Rights Agreement, lump sum if not	Upon signing Development Rights Agreement/ Franchise Agreement	Us

Column 1 Type of Expenditure (1)	Column 2 Amount	Column 3 Method of Payment	Column 4 When Due	Column 5 To Whom Payment is to be Made
3 months' rent **(3)**	$20,000 to $50,000	As arranged	As landlord requires	Lessor
Security deposit **(3)**	$15,000 to $60,000	As arranged	As landlord requires	Lessor and utilities
Construction and leasehold improvements **(4)**	$235,000 to $328,000	Lump sum or progress payments	As needed	Contractors and vendors
Architect and design fees	$18,000 to $33,000	As arranged	Before opening	Third party vendor
Operating Assets **(5)**	$3,000 to $15,000	As incurred	Before opening	Contractors and vendors
Sandbox VR Start-Up Equipment Package, including deployment, installation and our travel (**6**)	$300,000 to $600,000	As arranged	Before opening	GSUSA
Signs	$10,000 to $20,000	As incurred	As suppliers require	Contractors and vendors
Opening inventory and supplies **(7)**	$1,000 to $4,000	As arranged	As incurred	Suppliers
Grand opening marketing **(8)**	$20,000 to $25,000	As arranged	Before opening	Suppliers
Training expenses **(9)**	$2,000 to $5,000	As arranged	Before opening	Transportation lines, hotels, restaurants and us
Miscellaneous opening costs **(10)**	$15,000 to $28,000	As arranged	As incurred	Government authorities and other third parties
Additional Funds – 3 months **(11)**	$75,000 to $100,000	As incurred	As incurred	Us and third parties
TOTAL ESTIMATED INITIAL INVESTMENT (12)	$764,000 to $1,318,000			

Explanatory Notes:

(1) The amounts provided in the table above reflect costs you will incur to develop a Sandbox VR Business under the Franchise Agreement. Except for the security deposit under the Franchised Business's lease, which is typically refundable if you comply with the lease terms, all fees and payments are non-refundable. We base the low and high ranges on an average size premises for a Sandbox VR Business, which ranges from 2,800 to 3,500 square feet for a 2-Holodeck Sandbox VR Business. The ranges do not include optional, atypical upgrades to equipment or design, such as seismic upgrades, demolition costs, signage that must confirm to local codes, or additional HVAC depending on climate. The costs for rent, furniture, fixtures and equipment, leasehold improvements and inventory and supplies will vary based on the Franchised Business's square footage, condition of the property, location, market conditions, financing costs, and other physical characteristics of your franchised location.

(2) We describe the initial franchise fee in Item 5. The initial franchise fee is a $50,000 lump sum payment if the Franchise Agreement is not covered by a Development Rights Agreement. If you develop additional Sandbox VR Businesses under a Development Rights Agreement, the initial franchise fee for your third and each additional Sandbox VR Business is 80% of the then-current initial franchise fee for a single Sandbox VR Business (the fee that is in effect when the Franchise Agreement for such Sandbox VR Business is signed). Currently, the initial franchise fee for your second and each subsequent Sandbox VR Business is $40,000 but this fee may change in the future.

(3) Rent amounts can vary depending upon the area in which the Site is located, its size, the condition of the premises, the landlord's contribution to your leasehold improvements and other factors. In addition to base and percentage rent, the lease may require you to pay common area maintenance charges, your pro rata share of the real estate taxes and insurance and your pro rata share of other charges. You probably will also have to pay the landlord a first and last months' rent deposit and possibly a lease security deposit when you sign the lease. You may choose to purchase, rather than rent, real estate on which a building suitable for the Franchised Business already is constructed or could be constructed. Real estate costs depend on location, size, visibility, economic conditions, accessibility, competitive market conditions, and the type of ownership interest you are buying. Because of the numerous variables that affect the value of a particular parcel of real estate, this initial investment table does not reflect the potential purchase cost of real estate or the costs of constructing a building suitable for the Franchised Business. This estimate also includes utility deposits. You may need to pay deposits for your local utilities, such as telephone, electricity and gas.

(4) If we elect, at our option, to send our personnel to the site selection area to review, evaluate, and/or tour with you any proposed sites for the Franchised Business, we may require you to reimburse us for our and our personnel's costs and expenses incurred for each visit. In addition, you will need to alter the Site's interior space to meet our then current specifications and develop the Franchised Business. These figures cover the costs related to demolition, construction, remodeling, repair, insulation, doors and hardware, partition walls, ceilings, flooring, painting, decoration, acquisition and installation of fixtures, leasehold improvements and other fixed assets, cabinets, plumbing, HVAC, electrical, fire and security systems, decorating, and building out the Holodecks, check-in area, and post-Experience area, including polywall expenses, and similar costs. The amounts will vary depending primarily on costs of materials and labor and the Franchised Business's size, location and condition. Some landlords may pay some or all of your tenant improvements as part of your lease negotiations. This estimate does not include any tenant improvement allowance that you may negotiate. This estimate also does not include construction of a building from the ground up. The low end of the estimate does not include any design services fees for test fit layouts. The high end of the estimate includes a design services fee for 1 test fit layout.

(5) These figures cover your other Operating Assets, except for the Sandbox VR Start-Up Equipment Package and signs, which are addressed separately in the table. "**Operating Assets**" means the furniture, fixtures, Computer System (defined below) components, equipment, furnishings, and signs that we periodically require for the Franchised Business. The "**Computer System**" means the computer-based, web-based application and/or other technological systems and services that we periodically specify, including hardware components, the Reservation Operating Platform, software, dedicated communication and power systems, printers, payment devices,

and other computer-related accessories and peripheral equipment. Your costs for Operating Assets will vary primarily depending on the market in which the Franchised Business is located.

(6) This estimate includes the Sandbox VR Start-Up Equipment Package, as well as deployment and installation at your location. The low end estimates the cost for the Sandbox VR Start-Up Equipment Packages and installation for 2 Holodecks and the high end estimates the cost for the Sandbox VR Start-Up Equipment Packages and installation for 4 Holodecks. These estimates do not include the cost of equipment that may be necessary to offer future or expanded virtual reality experiences, or other activities for which additional equipment is required.

(7) This estimate includes your initial inventory of uniforms, power strips, basic office supplies, business cards and brochures.

(8) You must conduct your grand opening marketing program according to our standards and specifications. You must spend at least $20,000. You may choose to spend more than $20,000 on the Franchised Business's grand opening marketing. If we require, you must provide evidence to us of your approved program expenditures.

(9) This range includes your personnel's estimated costs and expenses for lodging, transportation, and meals while they attend our Initial Training Program. We do not otherwise charge a fee for providing the Initial Training Program to 3 individuals associated with the Franchised Business. As previously noted, additional members of the Franchised Business staff may participate in the Initial Training Program, but we may charge a fee for each additional participant. We currently charge $300 per day for each additional staff member. If we determine that you or any of your personnel cannot complete the Initial Training Program to our satisfaction, then we may require you or your personnel to attend additional training programs at your expense for which we may charge fees (currently $300 per person per day). Training fees are not refundable under any circumstance.

(10) This range estimates costs for insurance, business licenses and permits, professional fees and other miscellaneous prepaid and opening expenses you may incur in developing the Franchised Business.

(11) This amount estimates the funds needed to cover initial operating expenses for a Sandbox VR Business, including Franchised Business management salaries, for a period of 3 months of operation (other than the items identified separately in the table). These figures are estimates, and we cannot guarantee you will not have additional expenses starting the business. Your costs will depend on factors such as how closely you follow our recommended methods and procedures; your management skill, experience and business acumen; local economic conditions; the local market for the Franchised Business's products and services; the prevailing wage rate; competition; and the sales level reached during the initial period.

(12) We relied on our affiliates' and our principals' experience in developing, operating and franchising Sandbox VR Businesses since 2018 to prepare the estimate for additional funds and other estimates in this table. You should review these figures carefully with a business advisor before deciding to acquire the franchise. The estimate does not include any finance charge, interest, or debt service obligation. We do not offer

financing for any part of the initial investment. The availability and terms of financing depend on many factors, including the availability of financing generally, your creditworthiness and collateral and the lending policies of financial institutions from which you request a loan.

Development Rights Agreement

YOUR ESTIMATED INITIAL INVESTMENT

Column 1 Type of Expenditure	Column 2 Amount	Column 3 Method of Payment	Column 4 When Due	Column 5 To Whom Payment is to be made
Development fee **(1)**	$100,000 to $420,000	Lump sum	Upon signing Development Rights Agreement	Us
Estimated initial investment for first Franchised Business **(2)**	$714,000 to $1,268,000	As incurred	As incurred	Third parties
TOTAL ESTIMATED INITIAL INVESTMENT (3)	$814,000 to $1,688,000			

Explanatory Notes

(1) The development fee is equal to 100% of the initial franchise fee for each of the Sandbox VR Businesses you commit to develop. As stated in Item 5, we currently charge an initial franchise fee for the third and each subsequent Sandbox VR Business equal to 80% of the then-current initial franchise fee for a single Sandbox VR Business. Currently, the development fee will range between $100,000 to $420,000 if you commit to develop between 2 to 10 Sandbox VR Businesses (based on $50,000 for the first 2 Sandbox VR Businesses and 80% of $50,000 for each additional Sandbox VR Business). You must pay us this fee in a lump sum when you sign the Development Rights Agreement. We will not refund the development fee under any circumstances, but we will credit the development fee towards the initial franchise fee for each Sandbox VR Business developed under the Development Rights Agreement (which will be based on the then-current initial franchise fee, which may be more than the current fees for additional Sandbox VR Businesses). We expect the Development Rights Agreements to cover between 2 and 10 Sandbox VR Businesses.

(2) For each Sandbox VR Business that you develop under a Development Rights Agreement, you will execute a franchise agreement and incur the initial investment expenses for the development of a single Sandbox VR Business as described in the first table of this Item 7. This estimate is based on the expenses described in the first table of this Item 7. This estimate does not include the initial franchise fee because the development fee is credited towards the initial franchise fee for each Sandbox VR Business.

(3) We relied on our affiliates' and our principals' experience in developing, operating and franchising Sandbox VR Businesses since 2018 to prepare the estimate for additional funds and other estimates in this table. You should review these figures carefully with a business advisor before deciding to acquire development rights. No part of this initial investment is refundable.

Item 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Franchise Agreement

System Standards

In order to strive for a uniform image and uniform quality of products and services throughout Sandbox VR Businesses, you must operate and maintain the Franchised Business according to our System Standards. System Standards may regulate, among other things, the brands, types, and models of Operating Assets and other products and services you use to operate the Franchised Business; required or authorized products and services or product and service categories; and designated or approved suppliers of these items, which might include or be limited to us and/or our affiliates.

We issue and modify our System Standards based on our, our affiliates' and our franchisees' experience in franchising and/or operating Sandbox VR Businesses. We will notify you in our Operations Manual or in other written communications of our System Standards and names of designated and approved suppliers. We also provide our relevant standards and specifications to approved suppliers. Currently, the purchases and leases that you must make from us or our affiliates, from approved suppliers, or according to our System Standards represent approximately 80% of your total purchases and leases in establishing, and approximately 25% of your total purchases and leases in operating, the Franchised Business.

Suppliers

You must purchase or lease all Operating Assets and other products and services for the Franchised Business according to the System Standards, and if we require, only from suppliers or distributors that we designate or approve, which may include or be limited to us or our affiliates. When determining whether to source-restrict a particular item or service that you must acquire, we take into account a variety of factors, including pricing, the quality and accessibility of products and/or services and the importance of uniform quality of products and services throughout Sandbox VR Businesses.

To maintain the quality of the goods and services that Sandbox VR Businesses use and sell and our network's reputation, you currently must obtain all supplies, materials, fixtures, equipment (including the Computer System and communication systems), uniforms, and other products used or offered for sale at the Franchised Business solely from a designated or approved supplier (which may include us, GSUSA and/or our affiliates). At our option, you must contract with one or more suppliers that we designate or approve to develop and/or implement Local Marketing. At our option, you must use only the development company and/or other contractor(s) that we periodically designate or approve to design and/or develop the Franchised Business. You can find the names of designated and approved suppliers, which we may periodically modify, in

the Operations Manual or other written communications from us. We will provide you notice in the Operations Manual or otherwise in writing (such as via email) of any changes to the lists of approved products and approved suppliers.

GSUSA is currently the sole approved supplier of the Sandbox VR Start-Up Equipment Package (including installation services for the Sandbox VR Start-Up Equipment Package), proprietary software, Experiences, and related equipment you must use in your Franchised Business. You must sign GSUSA's proprietary software license agreement attached to this disclosure document as Exhibit D to use the required proprietary software to operate the Experiences. GSUSA will earn revenue from sales to our franchisees of the Sandbox VR Start-Up Equipment Package, proprietary software, and related equipment for which it is currently the sole approved supplier. We are an approved supplier of replacement parts for use with the Experiences and we will earn revenue from sales to our franchisees of such replacement parts. During the fiscal year ending December 31, 2022, GSUSA earned approximately $1,164,918 from sales to our franchisees and we earned approximately $182,691 from sales to our franchisees, or approximately 9.7% of our total revenue of $1,878,002 during the fiscal year ending December 31, 2022.

Except as provided above, neither we nor our affiliates are currently approved suppliers of any products or services that you must purchase or lease for use or sale at the Franchised Business. In the future, we may designate us and/or our affiliates as approved suppliers or the only approved supplier for certain additional products and services. We or our affiliates may derive revenue based on your purchases and leases, including from charging you for products and services that we or our affiliates provide to you and from promotional allowances, volume discounts and other payments made to us by suppliers and/or distributors that we designate or approve for some or all of our franchisees. We and our affiliates may use all amounts received from suppliers and/or distributors, whether or not based on your or other franchisees' actual or prospective dealings with them, without restriction for any purposes we or our affiliates deem appropriate. Other than GSUSA, neither we nor our affiliates received any revenue from selling products or services to Sandbox VR Business franchisees during 2022.

Except as described in this Item 8, there currently are no other goods, services, supplies, fixtures, equipment, inventory, computer hardware or software, real estate, or comparable items related to establishing or operating the Franchised Business that you must purchase from us or designated or approved suppliers. None of our officers has an ownership interest in any currently approved supplier, except that certain of our officers own indirect interests in GSUSA (and in other affiliates that may become approved suppliers to our franchisees) through ownership in Sandbox VR Inc.

If you want to use any Operating Assets or other products or services for or at the Franchised Business that we have not yet evaluated, or purchase or lease any Operating Assets or other products or services from a supplier or distributor that we have not yet approved (for Operating Assets or other products and services that we require you to purchase only from designated or approved suppliers or distributors), you first must submit sufficient information, specifications and samples for us to determine whether the product or service complies with our standards and specifications and/or the supplier or distributor meets our criteria. We may condition our approval of a supplier or distributor on requirements relating to product quality, prices, consistency, warranty, reliability, financial capability, labor relations, customer relations, frequency of delivery, concentration of purchases, standards of service (including prompt attention to complaints) and/or other criteria. We may inspect the proposed supplier's or distributor's facilities and require the proposed supplier or distributor to deliver product or other

samples, at our option, either directly to us or to any independent laboratory that we designate for testing. For each supplier, distributor, or product you submit for our review, you must pay us an amount not to exceed the reasonable cost of the inspection and our actual cost of testing the proposed product or evaluating the proposed service or service provider, including personnel and travel costs, whether or not the item, service, supplier or service provider is approved. We will use commercially reasonable efforts to notify you of our approval or disapproval within 30 business days after receiving all information we require. We may periodically re-inspect the facilities, products and services of any approved supplier or distributor and, upon notice to franchisees and/or the supplier, revoke our approval of any supplier, distributor, product or service that does not continue to meet our criteria. Despite these rights, we may limit the number of approved suppliers with whom you may deal, designate sources that you must use, and/or refuse any of your requests for any reason, including if we have already designated an exclusive source (which might be us or our affiliate) for the applicable product or service or if we believe that doing so is in the best interests of the Sandbox VR Business network. The Operations Manual may provide additional detail on the manner in which we grant and revoke approval of suppliers.

Although we have no arrangements in place with suppliers as of the date of this disclosure document, we or our affiliates may, and intend to, receive revenues or profits or other material consideration from the purchases you make from us, our affiliates, or from other approved suppliers. We or our affiliates may retain any rebates or other payments we receive from suppliers without restriction.

We will not provide material benefits, like renewal or granting additional franchises, to franchisees based on their purchase of particular products or services or use of particular suppliers. We negotiate purchase arrangements with some suppliers, including price terms. In doing so, we seek to promote the overall interests of our franchise network and our interests as franchisor. There are no formal purchasing or distribution cooperatives in the Sandbox VR Business franchise network.

Insurance

You must maintain in force at your sole expense the insurance coverage for the Franchised Business in the amounts, covering the risks, and containing only the exceptions and exclusions that we periodically specify for similarly situated Sandbox VR Businesses. All of your insurance carriers must be rated A+ or higher by A. M. Best and Company, Inc. or using similar criteria as we periodically specify. You must name us and an affiliate that we designate as additional insureds, and you must provide us with at least 30 days' notice of a material modification or cancellation of your insurance coverage.

Currently, the insurance policy or policies must include, at a minimum, the following:

Insurance Type	**Minimum Amount**
General Liability (including, Hired and Non-Owned Vehicles and Host Liquor Liability)	$1,000,000 each occurrence $2,000,000 annual aggregate
Cyber Liability	$1,000,000 each occurrence $1,000,000 annual aggregate
Workers' Compensation	$1,000,000 each accident $1,000,000 each disease – policy limit

Insurance Type	Minimum Amount
	$1,000,000 each disease – each employee
Umbrella (with general liability, cyber liability and workers' compensation as underlying coverages)	$5,000,000 aggregate
Property	Full replacement cost on all business personal property under special form with theft coverage Business Income – All Loss Sustained

Local Marketing

You must obtain our approval of the grand opening marketing plan for the Franchised Business. You also must at your expense participate in the manner we periodically specify in all advertising, marketing, promotional, customer relationship management, public relations and other brand-related programs that we periodically designate for the Franchised Business. You must ensure that all of your Local Marketing is completely clear, factual and not misleading, complies with all applicable laws and regulations, and conforms to the highest ethical standards and the advertising and marketing policies that we periodically specify. Before using them, you must send to us, for our approval, descriptions and samples of all proposed Local Marketing that we have not prepared or previously approved within the previous 6 months. If you do not receive written notice of approval from us within 5 business days after we receive the materials, they are deemed disapproved. You may not conduct or use any Local Marketing that we have not approved or have disapproved. At our option, you must contract with one or more suppliers that we designate or approve to develop and/or implement Local Marketing.

Franchised Business Upgrades

In addition to your obligations to maintain the Franchised Business according to System Standards, once during the Franchise Agreement's term (not more than once every 5 years), we may require you to substantially alter the Franchised Business's and the Site's appearance, branding, layout and/or design, and/or replace a material portion of your Operating Assets, in order to meet our then current requirements for new similarly situated Sandbox VR Businesses. This obligation could result in your making extensive structural changes to, and significantly remodeling and renovating, the Franchised Business, and/or in your spending substantial amounts for new Operating Assets. You must incur any capital expenditures required to comply with this obligation and our requirements. We will provide you with test fit layouts for such renovations at no additional cost to you. Within 60 days after receiving written notice from us, you must have plans prepared according to the standards and specifications we specify and, if we require, using the development companies and contractors we designate or approve, and you must submit those plans to us for our approval. You must complete all work according to the plans we approve within the time period that we reasonably specify. In determining the time period, we will take into account a number of factors, including the expenses required, the availability of new products and services, and the disruption to business operations that the upgrade will require. However, this does not limit your obligation to comply with all mandatory System Standards we periodically specify.

Experience Upgrades

We may periodically require you to offer an upgrade of a current Experience that is to be operated on updated hardware. In that case, we will continue to support that Experience on existing

hardware until at least the 12-month anniversary of your acquisition of the Experience, at which point you must acquire the updated hardware and we will discontinue your ability to provide the Experience with the old hardware. You may not modify, overhaul, recondition, refurbish, replicate, revamp, or reverse engineer, in any fashion, any of the proprietary software or any of the virtual reality equipment.

Development Rights Agreement

Each site is subject to our acceptance. The site must meet our then current site selection standards. Otherwise, the Development Rights Agreement does not require you to buy or lease from us or designated or approved suppliers, or according to our specifications, any goods, services, supplies, fixtures, equipment, inventory, computer hardware and software, real estate, or comparable items to establish or operate the business under the Development Rights Agreement. However, you must follow our requirements under the Franchise Agreement for each Sandbox VR Business you develop.

Item 9

FRANCHISEE'S OBLIGATIONS

This table lists your principal obligations under the franchise and other agreements. It will help you find more detailed information about your obligations in these agreements and in other items of this disclosure document.

	Obligations	Section in agreement	Disclosure document item
a.	Site selection and acquisition/lease	2.A, 2.B and 2.F of Franchise Agreement and 8 of Development Rights Agreement	7, 8, 11 and 12
b.	Pre-opening purchases/leases	2.B, 2.C, 2.D and 6 of Franchise Agreement	7, 8 and 11
c.	Site development and other pre-opening requirements	2 of Franchise Agreement	7, 8 and 11
d.	Initial and ongoing training	4 of Franchise Agreement	5, 6, 7 and 11
e.	Opening	2.E of Franchise Agreement	11
f.	Fees	4.E, 4.F, 5, 6.G, 7.B, 9, 13.C, 13.D, 14.B, 16.A, 17.D and 18.C of Franchise Agreement and 4, 5, and 8 of Development Rights Agreement	5, 6, 7, 8 and 11
g.	Compliance with standards and policies/Operating Manual	4.F, 4.G, 6, 7.A, 7.C and 10.A of Franchise Agreement	6, 8 and 11
h.	Trademarks and proprietary information	10 and 11 of Franchise Agreement and 7 and 10 of Development Rights Agreement	13 and 14

	Obligations	Section in agreement	Disclosure document item
i.	Restrictions on products/services offered	6.B, 6.C, and 6.G of Franchise Agreement	8, 11 and 16
j.	Warranty and customer service requirements	6 of Franchise Agreement	11 and 16
k.	Territorial development and sales quotas	2 of Franchise Agreement and 2, 5 and Exhibit A of Development Rights Agreement	8, 11 and 12
l.	On-going product/service purchases	6 of Franchise Agreement	8, 11 and 16
m.	Maintenance, appearance and remodeling requirements	6.A and 6.H of Franchise Agreement	8 and 11
n.	Insurance	6.G of Franchise Agreement	6, 7 and 8
o.	Advertising	7 of Franchise Agreement	6, 7, 8 and 11
p.	Indemnification	10.F and 17.D of Franchise Agreement and 16 of Development Rights Agreement	6
q.	Owner's participation/ management/ staffing	1.C, 1.D and 4 of Franchise Agreement	11 and 15
r.	Records and reports	8 of Franchise Agreement	6 and 11
s.	Inspections and audits	2.C, 2.E, 4.F**,** 6.C and 8 of Franchise Agreement	6
t.	Transfer	13 of Franchise Agreement and 14 and 15 of Development Rights Agreement	6 and 17
u.	Renewal	14 of Franchise Agreement	6 and 17
v.	Post-termination obligations	16 of Franchise Agreement	6 and 17
w.	Non-competition covenants	12 and 16.D of Franchise Agreement and 10 of Development Rights Agreement	17
x.	Dispute resolution	18 of Franchise Agreement and 16 of Development Rights Agreement	17

Item 10

FINANCING

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

Item 11

FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, AND TRAINING

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

If you sign the Development Rights Agreement, then before you begin operating your business under that agreement, we will:

(1) Determine the Development Area within which you will look for Sandbox VR Business sites. (Development Rights Agreement – Section 2)

(2) Determine the number of Sandbox VR Businesses that you (or your Controlled Affiliates) must open in the Development Area under the Development Schedule attached to the Development Rights Agreement. (Development Rights Agreement – Section 2)

(3) Determine the Development Schedule and the deadlines by which you (or your Controlled Affiliate) must sign a franchise agreement for, and open and begin operating, each Sandbox VR Business to be developed under the Development Rights Agreement. (Development Rights Agreement – Section 5)

If you sign the Development Rights Agreement, then during your operation under that agreement, we will:

(1) Grant or deny requests for 60-day extensions of the Franchise Agreement signing deadline and/or Sandbox VR Business opening deadline on the Development Schedule. The first extension request will be free of charge, even if we grant the 60-day extension request. For the second and each subsequent deadline extension request, you must send us a $2,500 extension fee with each request. If we grant the extension, the extension fee is non-refundable. If we deny the extension, we will refund the extension fee. (Development Rights Agreement – Section 5)

(2) We may visit proposed sites for the Sandbox VR Businesses. You must reimburse us for our and our personnel's costs and expenses incurred in connection with each such visit. (Development Rights Agreement – Section 8)

(3) Accept sites for Sandbox VR Businesses in the Development Area that meet our then current requirements. We generally do not own sites and lease them to franchisees, lease sites and sublease them to franchisees, or select sites for franchisees. To propose a site for each Sandbox VR Business you must deliver to us: (a) a complete site report and other materials and information we request for that location, and (b) information that we request relating to your (or your Controlled Affiliate's) financial and operational ability to develop and operate the proposed Sandbox VR Business (collectively, the "**Site Report**"). Each proposed site must meet our then current site selection criteria for Sandbox VR Businesses and be available for lease or purchase in time for you to develop and open a Sandbox VR Business on or before the date set forth in the Development Schedule. You must locate the Sandbox VR Business only at a site we have accepted. The site must meet our then current site selection standards. We will provide you up to 3 test fit layouts for each Sandbox VR Business at no additional charge to confirm that a Sandbox VR Business can be operated at the proposed site. We will charge a design services fee of $3,000 per test fit layout for the 4th and each subsequent test fit layout (if any) for each Sandbox VR Business. We will not unreasonably withhold our acceptance of a site that meets our then current criteria for demographic characteristics; access, traffic patterns; parking; visibility;

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. We also may consider the site's proximity both to the Development Area's boundaries and to other existing or potential sites for Sandbox VR Businesses located outside the Development Area and at Non-Traditional Locations within the Development Area. We will use commercially reasonable efforts to review and either accept or reject a site that you propose within 30 days after receiving the complete Site Report and any other materials we may reasonably request; provided, however, that if we elect to visit the proposed site prior to approval, then we will use commercially reasonable efforts to visit such proposed site within 30 days after receiving the complete Site Report, after which visit we will use commercially reasonable efforts to accept or reject the proposed site within 30 days. If we have not accepted your (or your Controlled Affiliate's) proposed site for any Sandbox VR Business to be developed under the Development Rights Agreement, the rights and obligations set forth in the Development Rights Agreement will govern the selection acceptance of that site. (Development Rights Agreement – Section 8)

(4) Grant you (or your Controlled Affiliate) franchises to operate the Sandbox VR Businesses at sites we accept in the Development Area. You (or your Controlled Affiliate) must sign our then current form of franchise agreement and any ancillary agreements for each Sandbox VR Business developed under the Development Rights Agreement, the terms of which may differ substantially from the terms contained in the Franchise Agreement attached to this disclosure document. However, under the franchise agreement for the 3rd and each subsequent Sandbox VR Business, the initial franchise fee is 80% of the then current initial franchise fee for a franchisee's first Sandbox VR Business. If you fail to meet the Development Schedule, we may terminate the Development Rights Agreement. (Development Rights Agreement – Sections 6 and 9)

Under the Franchise Agreement, before you open the Franchised Business, we will:

(1) Accept a Site that meets our requirements, if you have not located a Site that we have accepted as of the Franchise Agreement's effective date. We describe our site selection process and your obligations above. (Franchise Agreement – Section 2.A)

(2) Accept a lease that meets our requirements. You must obtain our prior written acceptance of the terms of any lease or sublease for the Site before you sign it. The lease must contain the terms and provisions that are reasonably acceptable to us, including provisions to protect our rights as your franchisor. You must give us a copy of the fully-signed lease within 10 days after you and the landlord have signed it. You may not sign any renewal or amendment of the lease that we have not accepted. (Franchise Agreement – Section 2.B)

(3) If the Territory has not been determined as of the Franchise Agreement's effective date, then after you sign a lease or sublease for the Site, we will define the Territory using our then current territory designation criteria. We will determine the Territory based on the factors that we deem relevant, which might include demographics and/or the character of the Site. (Franchise Agreement – Section 2.B)

(4) Provide you mandatory and suggested written specifications and layouts for a Sandbox VR Business, including our then current requirements for the design, decoration, layout, equipment, furniture, fixtures, color scheme and signs (the "**Design Specs**"). The Franchised Business must contain all of the Operating Assets, and only the Operating Assets, that we periodically specify. At our option, you must use only the development company and/or other

contractor(s) that we periodically designate or approve to design and/or develop the Franchised Business. We do not provide any Operating Assets or other items for the Franchised Business's development directly or deliver or install items but GSUSA will provide the Sandbox VR Start-Up Equipment Package(s) and install each one at the Franchised Business. We will provide the names of approved suppliers and/or specifications for some items.

You must prepare, according to the Design Specs, all required construction plans and specifications to suit the Site and make sure that they comply with the Americans with Disabilities Act (the "**ADA**") and similar rules governing public accommodations for persons with disabilities, other applicable ordinances, building codes, permit requirements, and lease requirements and restrictions. At our option, you must submit construction plans and specifications to us for approval before you begin constructing the Franchised Business and all revised or "as built" plans and specifications during construction. Our review is limited to ensuring your compliance with our design requirements and the Franchise Agreement's other requirements. Our review is not designed to assess compliance with federal, state, or local laws and regulations, including the ADA, as compliance with those laws and regulations is your responsibility. You must remedy, at your expense, any noncompliance or alleged noncompliance with those laws and regulations. We may periodically inspect the Site while you are developing the Franchised Business.

At your expense, you must construct, install trade dress and furnish all Operating Assets in, and otherwise develop, the Franchised Business at the Site according to our standards, specifications and directions. (Franchise Agreement – Section 2.C)

(5) Train you and your personnel to operate a Sandbox VR Business. We describe this training later in this Item 11. (Franchise Agreement - Sections 4.A to 4.D)

(6) Provide you access to our Operations Manual for use in operating the Franchised Business during the Franchise Agreement's term. The Operations Manual might include written or intangible materials (including videos and other electronic media) and we may make it available to you by various means. At our option, we may post the Operations Manual on the System Website (defined below) or another restricted website to which you will have access. If we do so, you must periodically monitor the website for any updates to the Operations Manual or System Standards. Any passwords or other digital identifications necessary to access the Operations Manual on such a website are part of our confidential information. The Operations Manual contains System Standards and information on your other obligations under the Franchise Agreement. We may modify the Operations Manual periodically to reflect changes in System Standards. You must keep your copy of the Operations Manual current and communicate all updates to your employees and contractors in a timely manner. In addition, you must keep any paper copy of the Operations Manual you maintain in a secure location at the Franchised Business. If there is a dispute over its contents, our master copy of the Operations Manual controls. The contents of the Operations Manual are confidential, and you may not disclose the Operations Manual to any person other than Franchised Business employees who need to know its contents. You may not at any time copy, duplicate, record or otherwise reproduce any part of the Operations Manual, except as we periodically authorize for training and operating purposes. Our Operations Manual has a total of 330 pages as of the date of this disclosure document and its table of contents is attached to this disclosure document as Exhibit E.

Any materials, guidance or assistance that we provide concerning the terms and conditions of employment for your employees, employee hiring, firing and discipline, and similar employment-related policies or procedures, whether in the Operations Manual or otherwise, are solely for your optional use. Those materials, guidance and assistance do not form part of the mandatory System

Standards. You will determine to what extent, if any, these materials, guidance or assistance should apply to the Franchised Business's employees. You are solely responsible for determining the terms and conditions of employment for all Franchised Business employees, for all decisions concerning the hiring, firing and discipline of Franchised Business employees, and for all other aspects of the Franchised Business's labor relations and employment practices. (Franchise Agreement – Sections 4.G and 6.H)

(7) We or one or more of our affiliates or designees may provide the Customer Services (including the Reservation Operating Platform) for which we may charge you reasonable fees. We may periodically modify any Customer Services and/or the Reservation Operating Platform, including the services provided, and may periodically stop providing any or all Customer Services and/or Reservation Operating Platform access or services upon notice to you. (Franchise Agreement – Section 6.E)

(8) Assist with the development of your grand opening marketing program. We describe our marketing programs and assistance below in this Item 11. (Franchise Agreement – Section 7.A)

Under the Franchise, Agreement, during your operation of the Franchised Business, we will:

(1) Advise you periodically regarding the Franchised Business's operation based on your reports or our inspections. We will guide you on standards, specifications, operating procedures and methods that Sandbox VR Businesses use, including establishing product and service prices; purchasing required or recommended Operating Assets and other products; and administrative, bookkeeping and accounting procedures. We will guide you in our Operations Manual, in bulletins or other written materials, by electronic media, by telephone consultation, and/or at our office or the Franchised Business. If you request and we agree to provide additional or special guidance, assistance or training, you must pay our then applicable charges, including our personnel's per diem charges and any travel and living expenses. Any specific ongoing training, conventions, advice or assistance that we provide does not create an obligation to continue providing that specific training, convention, advice or assistance, all of which we may discontinue and modify at any time. (Franchise Agreement – Section 4.F)

(2) Provide updates to the Operations Manual and System Standards as we implement them. Our periodic modification of our System Standards (including to accommodate changes to the Experiences, Computer System and the Marks), which may accommodate regional and/or local variations, may obligate you to invest additional capital in the Franchised Business and incur higher operating costs, and you must comply with those obligations within the time period we specify. Although we retain the right to establish and periodically modify the Franchise System and System Standards that you have agreed to follow, you retain the responsibility for the day-to-day management and operation of the Franchised Business and implementing and maintaining System Standards at the Franchised Business. We may vary the Franchise System and/or System Standards for any Sandbox VR Business or group of Sandbox VR Businesses based on the peculiarities of any conditions or factors that we consider important to its operations. You have no right to require us to grant you a similar variation or accommodation. (Franchise Agreement – Sections 4.G, 6.H and 6.I)

(3) Maintain and administer the Brand Development Fund and the System Website. (Franchise Agreement – Section 7) We describe the Brand Development Fund and System Website below.

(4) Add and remove Experiences available to you following written notice, which notice will also state the Experience Fee for each new Experience. (Franchise Agreement – Section 1.B(2))

(5) If you receive a material complaint from a customer, you must respond to the complaint and provide us with a copy of the complaint within 48 hours. If we believe that you are not satisfactorily handling the complaint, we may assist in resolving such complaint. Resolution of the complaint may require you to provide a full refund to the customer and may include other remedies. If we assist you in resolving a complaint, you must reimburse our expenses related to such assistance. (Franchise Agreement – Section 6.J)

(6) We may designate an independent evaluation service to conduct a "mystery shopper" quality control and evaluation program of the Sandbox VR Businesses. The Franchised Business must participate in that mystery shopper program and you must pay all related fees. (Franchise Agreement – Section 6.K)

Franchised Business Opening

We estimate that the time between your signing the Franchise Agreement (which is when you will first pay us consideration for the franchise) and the Franchised Business's opening date is 6 to 9 months. The precise timing depends on the time it takes you to sign an accepted lease; the Site's location and condition; the work needed to develop the Franchised Business according to our System Standards; completing training; obtaining financing; obtaining insurance; and complying with local laws and regulations. You must open the Franchised Business on or before the opening deadline defined and listed in Exhibit A to the Franchise Agreement, or we may terminate the Franchise Agreement.

You may not open the Franchised Business until: (1) you have properly developed and equipped the Franchised Business according to the Design Specs and our other standards and specifications and in compliance with all applicable laws and regulations; (2) your personnel have completed all pre-opening training to our satisfaction; (3) you have paid all amounts you then owe to us and our affiliates; (4) you have given us evidence of required insurance coverage and payment premiums; (5) you have given us a copy of your fully-signed lease; and (6) if we (at our sole option) require, we have conducted a pre-opening inspection and/or have certified the Franchised Business for opening. Our determination that you have met all of our pre-opening requirements will not constitute a waiver of your non-compliance or of our right to demand full compliance with those requirements. (Franchise Agreement – Section 2.E)

Advertising, Marketing and Promotion

Grand Opening Marketing Program

You must, at your expense, implement a grand opening marketing program for the Franchised Business according to the requirements in the Operations Manual and other System Standards. At least 90 days before the Franchised Business's planned opening date, you must prepare and submit to us for our approval a proposed grand opening marketing program that covers a period before and after the opening date and contemplates spending at least $20,000. You must implement the approved grand opening marketing program and, if we require, provide us with evidence of your approved program expenditures. (Franchise Agreement – Section 7.A)

Brand Development Fund

We administer and control the Brand Development Fund for the advertising, marketing, promotional, customer relationship management, public relations and other brand-related programs and materials for all or a group of Sandbox VR Businesses that we periodically deem appropriate. If we establish the Brand Development Fund, you must pay us a contribution to the Brand Development Fund in an amount that we periodically specify, subject to the Marketing Spending Requirement. We currently collect Brand Development Fund contributions equal to 1% of Gross Sales. We anticipate that all franchisees will contribute to the Brand Development Fund at the same rate. Each Sandbox VR Business that we or our affiliate operates in the United States will contribute to the Brand Development Fund at either the same rate as you or a rate similar to the rate at which other Sandbox VR Business franchisees contribute.

We have the right to designate and direct all programs that the Brand Development Fund finances, with sole control over the creative and business concepts, materials and endorsements used and their geographic, market and media placement and allocation. The Brand Development Fund may pay for preparing, producing and placing video, audio and written materials, electronic media and Social Media (defined below); developing, maintaining and administering one or more System Websites, including the Reservation Operating Platform, online sales and customer retention programs, mobile applications, and other technologies used to reach customers and potential customers; developing, maintaining, and administering the Customer Services; administering national, regional, multi-regional and local marketing, advertising, promotional and customer relationship management programs, including purchasing trade journal, direct mail, Internet and other media advertising and using advertising, promotion, and marketing agencies and other advisors to provide assistance; and supporting public and customer relations, market research, and other advertising, promotion, marketing and brand-related activities. The Brand Development Fund may place advertising or other programs in any media, including print, radio, and television, on a local, regional or national basis. Our in-house staff, national or regional advertising agencies, and/or other contractors may produce advertising, marketing, promotional and other Brand Development Fund programs and materials. The Brand Development Fund also may reimburse Sandbox VR Business operators (including us and/or our affiliates) for expenditures consistent with the Brand Development Fund's purposes that we periodically specify. We also may implement programs that the Brand Development Fund could finance, but choose to finance them through other means, such as through your and other Sandbox VR Business operators' direct payments.

We will account for the Brand Development Fund separately from our other funds and not use the Brand Development Fund to pay any of our general operating expenses, except to compensate us and our affiliates for the reasonable salaries, administrative costs, travel expenses, overhead and other costs we and they incur relating to activities performed for the Brand Development Fund and its programs, including conducting market research, preparing advertising and marketing materials, maintaining and administering the System Website and/or Social Media, developing technologies to be used by the Brand Development Fund or its programs, collecting and accounting for Brand Development Fund contributions, and paying taxes on contributions. We will not use any Brand Development Fund contributions principally to solicit new franchise sales, although part of the System Website is devoted to franchise sales. The Brand Development Fund is not a trust, and we do not owe you fiduciary obligations because of our maintaining, directing or administering the Brand Development Fund or any other reason. The Brand Development Fund may spend in any fiscal year more or less than the total Brand Development Fund contributions in that year, borrow from us or others (paying reasonable interest) to cover deficits, or invest any surplus for future use. We will use all interest earned on Brand Development Fund contributions

to pay costs before using the Brand Development Fund's other assets. We may incorporate the Brand Development Fund or operate it through a separate entity whenever we deem appropriate. The successor entity will have all of the rights and duties specified here.

During the year ending December 31, 2022, 79% of the Brand Development Fund was spent on media placement (including agency fees); 12% on administrative expenses; 4% on public relations; 2% on production; and 3% on other expenses (including reputation management vendor, travel, review platform, and marketing software and tools).

We will prepare an annual, unaudited statement of Brand Development Fund collections and expenses and give you the statement upon written request. While we do not intend for the Brand Development Fund to be audited, we may have the Brand Development Fund audited periodically at the Brand Development Fund's expense by an independent accountant we select.

We intend the Brand Development Fund to maximize recognition of the Marks and patronage of Sandbox VR Businesses. Although we will try to use the Brand Development Fund to develop and/or implement advertising and marketing materials and programs and for other uses (consistent with those listed in this Item 11) that will benefit all or certain contributing Sandbox VR Businesses, we need not ensure that Brand Development Fund expenditures in or affecting any geographic area are proportionate or equivalent to the Brand Development Fund contributions from Sandbox VR Businesses operating in that geographic area, or that any Sandbox VR Business benefits directly or in proportion to the Brand Development Fund contributions that it makes. We have no obligation to make any advertising expenditures (from the Brand Development Fund or otherwise) in your geographic area. We have the right, but no obligation, to use collection agents and institute legal proceedings at the Brand Development Fund's expense to collect Brand Development Fund contributions. We also may forgive, waive, settle and compromise all claims by or against the Brand Development Fund. Except as expressly provided in the Franchise Agreement, we assume no direct or indirect liability or obligation to you for maintaining, directing or administering the Brand Development Fund.

At any time, we may defer or reduce a Sandbox VR Business operator's contributions to the Brand Development Fund. Upon at least 30 days' written notice to you, we may reduce or suspend Brand Development Fund contributions and/or operations for one or more periods of any length and terminate (and, if terminated, reinstate) the Brand Development Fund. If we terminate the Brand Development Fund, we will (at our option) either spend the remaining Brand Development Fund assets consistent with the provisions of this Item 11 or distribute the unspent assets to Sandbox VR Business operators (including us and our affiliates, if applicable) then contributing to the Brand Development Fund in proportion to their contributions during the previous 12-month period. There currently are no advertising councils of franchisees that advise us on advertising policies in the Sandbox VR Business network. (Franchise Agreement – Sections 7.B and 7.D)

Local Marketing

You must at your expense participate in the manner we periodically specify in all advertising, marketing, promotional, customer relationship management, public relations and other brand-related programs that we periodically designate for the Franchised Business, subject to the Marketing Spending Requirement. You must ensure that all Local Marketing is completely clear, factual and not misleading, complies with all applicable laws and regulations, and conforms to the highest ethical standards and the advertising and marketing policies that we periodically specify. Before using them, you must send to us, for our approval, descriptions and samples of

all proposed Local Marketing that we have not prepared or previously approved within the previous 6 months. If you do not receive written notice of approval from us within 5 business days after we receive the materials, they are deemed disapproved. You may not conduct or use any Local Marketing that we have not approved or have disapproved. At our option, you must contract with one or more suppliers that we designate or approve to develop and/or implement Local Marketing.

Our System Standards may regulate sales, marketing, advertising, promotions and public relations programs and materials for the Franchised Business and media uses in these programs, including participation in and compliance with the requirements of any special advertising, marketing, promotion, charitable and public relations programs in which all or certain Sandbox VR Businesses participate. This includes standards for participating in charitable and public relations programs, as we periodically modify them. (Franchise Agreement – Sections 6.H, 7.C and 7.D). As of the issuance date of this disclosure document, you must spend at least 1% of Gross Sales per month on Local Marketing.

Advertising Cooperatives

Currently, there are no local or regional Cooperatives in the Sandbox VR Business network but we may designate Cooperatives. The Cooperative's members in any area are the owners of all of the Sandbox VR Businesses located and operating in that area (including us and our affiliates, if applicable) that we have the right to require to participate in the Cooperative. Each member will contribute at the same rate. Each Cooperative will be organized and governed in a form and manner, and begin operating on a date, that we determine. Each Cooperative will, with our approval, develop, administer or implement advertising, marketing and promotional materials and programs for the area that the Cooperative covers. If we have established a Cooperative for the geographic area in which the Franchised Business is located on the date you sign the Franchise Agreement, or if we establish a Cooperative in that area during the Franchise Agreement's term, you must sign the documents that we require to become a member of the Cooperative and to participate in the Cooperative as those documents require. Cooperatives will operate from written governing documents that members may review. You must contribute to the Cooperative the amounts that the Cooperative determines, subject to our approval and the Marketing Spending Requirement.

All material decisions of the Cooperative, including contribution levels (which also require our approval), will require the affirmative vote of more than 50% of all Sandbox VR Businesses that are required to participate in the Cooperative, with each Sandbox VR Business receiving one vote. You must send us any reports that we or the Cooperative periodically require. Cooperatives will prepare annual or periodic financial statements and make them available for us and the Cooperative's members to review. The Cooperative will operate solely to collect and spend Cooperative contributions for the purposes described above. The Cooperative and its members may not use any advertising, marketing or promotional programs or materials that we have not approved. We may form, change, dissolve and merge Cooperatives. (Franchise Agreement – Section 7.D).

Marketing Spending Requirement

The Marketing Spending Requirement is the maximum amount that we can require you to spend on Brand Development Fund contributions, Cooperative contributions, and approved Local Marketing for the Sandbox VR Business during each calendar month, and is an amount we periodically specify up to 10% of the Franchised Business's Gross Sales during that calendar

month. Although we may not require you to spend more than the Marketing Spending Requirement on Brand Development Fund contributions, Cooperative contributions and approved Local Marketing, you may choose to do so. We will not count towards your Marketing Spending Requirement the cost of free or discounted products or services, coupons, special offers or price reductions that you provide as a promotion, signs, personnel salaries, administrative costs, employee incentive programs, or other amounts that we, in our reasonable judgement, deem inappropriate for meeting the Marketing Spending Requirement. (Franchise Agreement – Section 7.E).

We are not obligated to conduct any advertising or marketing programs within your market. We have no obligation to spend any amount on advertising in your Territory.

Our Online Marketing

We, our affiliates, or our designees will perform certain online services to promote the Marks and the Sandbox VR Businesses, as determined by us. Such services may include establishing and operating websites, social media accounts (such as Facebook, Twitter, Instagram, Pinterest, etc.), applications, keyword or adword purchasing programs (such as Google ads), or other means of digital advertising on the Internet or any electronic communications network. You will pay us a fee of $4,000 per month for these services. We may increase this fee by up to 5% annually.

System Website

We or our designees may establish a website or series of websites, other electronic or technology-based platforms or electronic, digital or virtual means or media, or similar technologies, including mobile applications, gameplay, social media pages, the metaverse(s), and other technological advances that perform functions similar to those performed on traditional websites, whether existing as of the issuance date of this disclosure document or developed later, for the Sandbox VR Business network to advertise, market and promote Sandbox VR Businesses, the products and services they offer, and the Sandbox VR Business franchise opportunity; to facilitate the operations of Sandbox VR Businesses (including, at our option, online ordering, reservations and/or sales); and/or for any other purposes that we determine are appropriate for Sandbox VR Businesses (those websites, applications and other technological advances, including the Reservation Operating Platform, are collectively called the "**System Website**"). If we include information about the Franchised Business on the System Website, then you must give us the information and materials that we periodically request concerning the Franchised Business and participate in the System Website in the manner that we periodically specify. We have the final decision concerning all information and functionality that appears on the System Website and will update or modify the System Website according to a schedule that we determine. By posting or submitting to us information or materials for the System Website, you are representing to us that the information and materials are accurate and not misleading and do not infringe any third party's rights. You must notify us whenever any information about you or the Franchised Business on the System Website changes or is not accurate.

We own all intellectual property and other rights in the System Website and all information it contains, including the domain name or URL for the System Website and all subsidiary websites, the log of "hits" by visitors, and any personal or business data that visitors (including you, your personnel and your customers) supply. We may use the Brand Development Fund's assets to develop, maintain, support and update the System Website. We may implement and periodically modify System Standards relating to the System Website and, at our option, may discontinue all or

any part of the System Website, or any services offered through the System Website, at any time. If we and/or our affiliates sell or lease virtual goods, services or other items on the System Website and/or any other electronic or technology-based platform (including websites, mobile applications, Experiences, gameplay, social media pages, the metaverse(s), or any other electronic, digital or virtual means or medium, whether in existence as of the issuance date of this disclosure document or developed later), we and/or our affiliates (as applicable) may collect all revenue from such sales and leases directly from the purchaser or lessee, as applicable. We and our affiliates will have no obligation to provide you with any compensation from such sales or leases, regardless of whether the purchaser or lessee is located in or makes the purchase or lease from within the Territory or your Franchised Business.

All Local Marketing that you develop for the Franchised Business must contain notices of the System Website in the manner that we periodically designate. You may not develop, maintain or authorize any other website, other online presence or other electronic medium (such as mobile applications, kiosks and other interactive properties or technology-based programs) that mentions or describes you, the Franchised Business or its products or services or that displays any of the Marks. Except for the System Website (if applicable), you may not conduct commerce or offer or sell any products or services using any website, another electronic means or medium, or otherwise over the Internet or using any other technology-based program without our approval. Nothing in the Franchise Agreement limits our right to maintain websites and technologies other than the System Website or to offer and sell products or services under the Marks from the System Website, another website or technology, or otherwise over the Internet (including to the Franchised Business's customers and prospective customers) without payment or obligation of any kind to you. (Franchise Agreement – Section 7.F)

Social Media

You must comply with our policies and requirements, which we may periodically modify, concerning blogs, common social networks like Facebook, professional networks like LinkedIn, live-blogging tools like Twitter, virtual worlds, file, audio and video sharing sites and applications like Pinterest, Instagram, and TikTok, and other similar social networking or media sites or tools (collectively, "**Social Media**") that in any way reference the Marks or involve the Franchised Business. These policies may involve prohibitions on your and your representatives' use of Social Media relating to the Marks or the Franchised Business. (Franchise Agreement – Section 7.G)

Computer System

You must obtain and use the Computer System in operating the Franchised Business. You may only use and download onto the Computer System software that we designate or approve in writing. We may periodically modify the specifications for and components of, and/or the technologies and functions for the Computer System. These modifications and/or other technological developments or events may require you to purchase, lease, and/or license new or modified computer hardware, software, and other components and technologies and to obtain service and support for the Computer System. No contract limits the frequency or cost of this obligation. While we cannot estimate the future costs of the Computer System or required service or support at this time, you must incur any costs associated with obtaining, updating, adding to, or modifying the Computer System and required service or support. You must obtain Computer System components that we designate and ensure that your Computer System functions properly within 60 days after we deliver notice to you.

You will use the Computer System to operate the Franchised Business's point-of-sale system and back-of-house functions. It will cost approximately $2,000 to $3,000 per license to acquire the Computer System hardware and obtain initial licenses for the required software for the Franchised Business. Neither we, our affiliate, nor any third party has any obligation to provide ongoing maintenance, repairs, upgrades or updates to the Computer System. Because of varying system needs and market conditions, we are unable to estimate the cost of other optional maintenance, updating, upgrading or support contracts for the Computer System. You currently must pay us $2,000 per license per year for the Reservation Operating Platform System, but this cost could increase if our costs increase.

We and our affiliates may condition any license of required or recommended proprietary software to you, and/or your use of technology developed or maintained by or for us (including the System Website), on your signing a software license agreement or similar document, or otherwise agreeing to the terms (for example, by acknowledging your consent to and accepting the terms of a click-through license agreement), that we and our affiliates periodically specify to regulate your use of, and our (or our affiliate's) and your respective rights and responsibilities concerning, the software or technology. We and our affiliates may charge you up-front and ongoing fees for any required or recommended proprietary software or technology that we or our affiliates license to you in the future and for other Computer System maintenance and support services provided during the term of the Franchise Agreement. The proprietary software used to present the Experiences to your customers is of vital importance to the Franchise System and the operation of the Franchised Business and, as a result, you must execute, simultaneously with the Franchise Agreement, our affiliate's then current form of proprietary software license agreement (the current form of which is attached to this disclosure document as Exhibit D).

We and/or our designee will have independent, unlimited access to all information and data in your Computer System, including continuous independent access to all Customer Data (defined in Item 14). Apart from your obligation to buy, use, and maintain the Computer System according to our standards and specifications, you have sole and complete responsibility for: (1) the acquisition, operation, maintenance, and upgrading of the Computer System; (2) the manner in which your Computer System interfaces with our and any third party's computer system; and (3) any and all consequences from your use of unauthorized software on the Computer System or your failure to properly operate, maintain or upgrade the Computer System. The Computer System permits 24 hours per day, 7 days per week electronic communications between you and us. (Franchise Agreement – Section 2.D)

We may establish and maintain an internal network (the "**Intranet**") through which franchisees may communicate with each other and through which we may provide the Operations Manual and other components of our confidential information. We may discontinue the Intranet at any time. You must comply with our policies and procedures for the Intranet's use. You must, at your expense, ensure that you have the necessary equipment to access the Intranet.

Training

Our current training program that we provide to new franchisees after signing the Franchise Agreement and before opening the Franchised Business includes our formal Initial Training Program. Kayla Sanders, our Senior Manager, Organizational Effectiveness, who has over 10 years of experience in training and retail operations, manages the training program. Ms. Sanders joined us in 2022. The Operations Manual and various training guides serve as instructional materials.

Initial Training Program

Your Managing Owner, General Manager, and 1 assistant manager must attend the Initial Training Program and complete the program to our satisfaction before opening the Franchised Business. However, if the Managing Owner has attended and completed the Initial Training Program to our satisfaction under an existing franchise agreement with us, we will not require the Managing Owner to attend the Initial Training Program. The Initial Training Program may include classroom training, instruction at designated facilities, hands-on training at an operating Sandbox VR Business, remote training (including via Internet access) and/or self-study programs. We do not charge any fees for these people to attend the Initial Training Program, but you must pay for training materials and all travel, living and other expenses that you and your personnel incur during the program. If we decide that you or your personnel cannot complete the Initial Training Program to our satisfaction, we may require you or your personnel to attend additional training programs are you expense and for which we may charge reasonable fees. You also may choose to send additional people to the Initial Training Program (subject to space availability) if you pay $300 per person.

The Initial Training Program may take place in various locations. However, we currently expect your Initial Training Program to take place at your Site (after installation of the Sandbox VR Start-Up Equipment Package). The Initial Training Program will be provided as often as needed to train new franchisees. There is no set frequency for the program. The following table describes our current Initial Training Program:

TRAINING PROGRAM

Column 1 Subject	Column 2 Hours of Classroom Training	Column 3 Hours of On-The-Job Training	Column 4 Location
Day 1: Orientation & Store Tour	0	8	A Sandbox VR Business we designate in the U.S.
Day 2: Team Member Training	0	8	A Sandbox VR Business we designate in the U.S.
Day 3: Team Member Training	0	8	A Sandbox VR Business we designate in the U.S.
Day 4: Manager Training	0	8	A Sandbox VR Business we designate in the U.S.
Day 5: Manager Training	0	8	A Sandbox VR Business we designate in the U.S.
Day 6: Manager Training	0	8	A Sandbox VR Business we designate in the U.S.
Day 7: Manager Training	0	8	A Sandbox VR Business we designate in the U.S.
Total	**0**	**56**	

Ongoing Training

During the Franchise Agreement's term, we may require you and/or your personnel, including your General Manager, to attend and satisfactorily complete various training courses and programs and evaluation programs, including online training, that we choose to provide periodically at the times and locations we designate. Your personnel whom we periodically specify also must attend any conventions or other programs that we periodically specify for some

or all Sandbox VR Businesses. We may charge reasonable fees for these training courses, programs and conventions. We currently have no planned ongoing or optional training programs. If you request and we agree to provide additional or special guidance, assistance, or training, you must pay us then applicable charges, including per diem charges and any travel and living expenses for our personnel. Any specific ongoing training, conventions, advice or assistance that we provide does not create an obligation to continue providing that specific training, convention, advice or assistance, all of which we may discontinue and modify at any time. (Franchise Agreement – Sections 4.A to 4.E)

If you replace the Managing Owner, General Manager, or assistant manager during the Franchise Agreement's term, then at your sole cost and expense, that individual's replacement must attend and successfully complete the applicable Initial Training Program that we reasonably specify within 30 days (or such longer period that we periodically designate) after assuming that position. We will designate the dates, locations, and duration of training. We may charge a fee for this training (currently, $300 per day per trainer). (Franchise Agreement – Section 4.B)

If you receive more than 3 complaints in any month related to poor gaming experiences and/or poor customer service, and you fail to resolve these complaints to our satisfaction, we may send 1 or more trainers, at your expense, to provide on-site training and assistance or to provide technical support (if the complaints arise due to technical issues). (Franchise Agreement – Section 6.J.)

Item 12

TERRITORY

Franchise Agreement

If you have not located a Site that we have accepted before signing the Franchise Agreement, you will receive a non-exclusive site selection area when you sign the Franchise Agreement. You will not have any territorial or other rights in the site selection area. We may establish and operate, or grant rights to others to establish and operate, Sandbox VR Businesses within or outside the site selection area. You must locate a Site that we approve within the site selection area.

You will operate the Franchised Business at a specific Site that we first must accept. If your lease expires or is terminated without your fault, or if the Franchised Business is destroyed, condemned, or otherwise rendered unusable, we will allow you to relocate the Franchised Business to a new site acceptable to us. You will relocate at your expense and must comply with the Franchise Agreement's provisions relating to development of the new location and de-identification of the old location. You must reimburse us for our reasonable costs incurred in the relocation and we will charge you a design services fee of $3,000 per test fit layout that we provide to you for any relocation.

We will define your "**Territory**" in an Exhibit to the Franchise Agreement. We typically determine Territories using population and geographic boundaries, such as counties, cities, zip codes, or city blocks. Your Territory may be as small as a 1/2-mile radius from the Site or have a minimum population of 250,000 persons. The size of your Territory will depend on various market characteristics such as demographics, traffic flow, boundaries (both man-made and natural), location of competing businesses, neighborhoods covered and population density. If the Territory has not been determined when you sign the Franchise Agreement, after you sign a lease

for the Site, we will define the Territory using our then current territory designation criteria. We will insert the Site's address and the Territory's description on Exhibit A to the Franchise Agreement.

Beginning on the date that we accept the Site and determine the Territory or, if the Site is determined as of the effective date of the Franchise Agreement, then beginning on the Franchise Agreement's effective date, if you are complying with the Franchise Agreement, neither we nor our affiliates will operate, or authorize any other party to operate, a Sandbox VR Business the physical premises of which are located within your Territory, except for Sandbox VR Businesses located at Non-Traditional Locations. "**Non-Traditional Locations**" means locations that generate customer traffic flow which is independent from the general customer traffic flow of the surrounding area, including military bases, shopping malls, industrial or office facilities, hotels, college and university buildings, airports, train stations, travel plazas, casinos, amusement parks, and stadiums and other sports and entertainment venues. We may operate and authorize others to operate Sandbox VR Businesses at Non-Traditional Locations in the Territory and at other locations in the Territory if you breach the Franchise Agreement. Therefore, you will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

At all times, we and our affiliates have the right to engage in any activities we or they deem appropriate that the Franchise Agreement does not expressly prohibit, whenever and wherever we or they desire. This includes:

(a) establishing and operating, and granting rights to others to establish and operate, on any terms and conditions we deem appropriate, Sandbox VR Businesses at any locations outside the Territory and Sandbox VR Businesses at any Non-Traditional Locations within or outside the Territory;

(b) establishing and operating, and granting rights to others to establish and operate, on any terms and conditions we deem appropriate, virtual reality or similar entertainment businesses or any similar or dissimilar businesses that either are not primarily identified by the Marks or do not use the Franchise System at any locations, whether within or outside the Territory;

(c) exercising all rights relating to the Marks, and all products and services associated with any of the Marks, in any methods of distribution, except as specifically set forth above. This includes providing, and granting rights to others to provide (except as specifically set forth above), products and services to customers and other third parties that are similar or dissimilar to, or competitive with, any products and services that Sandbox VR Businesses provide, whether identified by the Marks or other trademarks or service marks, regardless of the method of distribution (including through the System Website, other retail outlets, Internet, mobile applications, social media, or any other means of communication and distribution conceived now or in the future), and at any locations; and

(d) acquiring the assets or ownership interests of, or being acquired (regardless of the form of transaction) by, one or more businesses providing products and services similar or dissimilar to those provided at Sandbox VR Businesses, and franchising, licensing or creating other arrangements with respect to these businesses once acquired, wherever these businesses (or the franchisees or licensees of these businesses) are located or operating, whether within or outside the Territory.

There are no restrictions on your soliciting and accepting customers from outside your Territory or otherwise competing with other Sandbox VR Businesses which are now, or in the future may be, located outside your Territory. You may not use other channels of distribution, such as the Internet, catalog sales, telemarketing, and other direct marketing, to make sales (as opposed to advertising and marketing). We and our affiliates may use other channels of distribution, such as the Internet, catalog sales, telemarketing, and other direct marketing, to solicit and make sales to customers in your Territory using the Marks and other trademarks without compensating you.

Subject to applicable laws, we and/or our designee may communicate with customers of the Franchised Business to obtain testimonials regarding and/or endorsements of the Franchised Business and other Sandbox VR Businesses and the products and services offered by those businesses, which we may use without compensating you.

Under the Franchise Agreement, you have no options, rights of first refusal, or similar rights to acquire additional franchises within your Territory or contiguous territories. Upon the occurrence of any event that allows us to terminate your Franchise Agreement, in addition to our other rights, we may eliminate your rights, and our (and our affiliates') obligations, in your Territory, after which we may operate, and authorize other parties to operate, a Sandbox VR Business within the Territory. Otherwise we may not alter your Territory or modify your territorial rights before your Franchise Agreement expires or is terminated, although we may do so for a successor franchise. Neither we nor our affiliates operate, franchise, or have present plans to operate or franchise a business under a different trademark that sells or will sell goods or services similar to those that Sandbox VR Businesses offer, although we and they have the right to do so.

Development Rights Agreement

If we and you sign a Development Rights Agreement, we and you will identify the Development Area within which you and your Controlled Affiliates will develop Sandbox VR Businesses in an exhibit to the Development Rights Agreement before signing it. We typically determine development areas using Designated Market Areas (DMAs), by city, county, state, or other political boundaries, or by geographic boundaries. The Development Area's size will vary depending on the number of Sandbox VR Businesses in the Development Schedule. We expect the Development Area to have a population of at least 250,000 per Franchised Business that you commit to develop under the Development Rights Agreement.

We and you will agree on the number of Sandbox VR Businesses that you or your Controlled Affiliates must open, and the dates by which you and they must open them, to keep your territorial rights and insert this information in the Development Rights Agreement before signing it. Franchises that we grant to your Controlled Affiliates will count toward your Development Schedule. You and your Controlled Affiliates may not develop Sandbox VR Businesses outside the Development Area.

If you are complying with the Development Rights Agreement, and you and your affiliates are complying with all Franchise Agreements and other agreements between us (or our affiliate) and you (or your affiliates), then, during the Development Rights Agreement's term only, neither we nor our affiliates will operate, or authorize any other party to operate, Sandbox VR Businesses the physical premises of which are located within the Development Area, except for Sandbox VR Businesses located at Non-Traditional Locations. We and our affiliates may at all times engage in any activities we or they deem appropriate that the Development Rights Agreement does not expressly prohibit, whenever and wherever we or they desire, including those rights listed in (a) through (d) above. Because we may operate and authorize others to operate Sandbox VR

Businesses at Non-Traditional Locations in the Development Area, you will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

To maintain your rights under the Development Rights Agreement, for each Sandbox VR Business, you must sign a Franchise Agreement and open and begin operating that Business according to the applicable Franchise Agreement on or before the deadlines listed in the Development Schedule. The site for each Sandbox VR Business must meet our then current site selection standards. If you need a 60-day extension, you must submit a written request to us. The first extension request will be free of charge. For the second and each subsequent extension, you must submit an extension request and a $2,500 extension fee to us before the applicable deadline. If you fail to meet the Development Schedule, we may terminate the Development Rights Agreement. In addition, to retain your rights under the Development Rights Agreement, each Sandbox VR Business it covers must operate continuously during the agreement's term, otherwise we may terminate the Development Rights Agreement.

Upon the occurrence of any event that allows us to terminate your Development Rights Agreement, in addition to our other rights, we may:

(1) temporarily suspend or permanently terminate your right to develop new Sandbox VR Businesses in any geographic area that is part of the Development Area. If that occurs (i) your territorial rights and the territorial restrictions on us and our affiliates will no longer apply in that geographic area, and (ii) we (and our affiliates) may operate, and authorize any other parties to operate, Sandbox VR Businesses the physical premises of which are located within that geographic area and engage, and allow others to engage, in any other activities we desire within that geographic area without any restrictions, subject only to your (or your Controlled Affiliate's) rights under then existing franchise agreements; and/or

(2) reduce the number of remaining Sandbox VR Businesses to be developed under the Development Schedule, and if that happens you must comply with the reduced Development Schedule that we provide in our written notice. Upon our exercise of these rights, we need not refund any portion of the development fee paid relating to the Sandbox VR Businesses that you are no longer permitted or required to develop, nor apply any of that portion of the development fee towards the initial franchise fee payable under franchise agreements that you (or your Controlled Affiliate) signs after that.

Except for these situations, continuation of your territorial rights in the Development Area does not depend on your achieving a certain sales volume, market penetration, or other contingency, and we may not alter your Development Area or modify your territorial rights in the Development Area. You have no other options, rights of first refusal or similar rights to acquire additional franchises. When the Development Rights Agreement terminates or expires, we (and our affiliates) may operate, and authorize any other parties to operate, Sandbox VR Businesses the physical premises of which are located within the Development Area and engage, and allow others to engage, in any other activities we desire within and outside the Development Area without any restrictions, subject only to your (or your Controlled Affiliates') rights under existing franchise agreements with us.

Item 13

TRADEMARKS

We grant you the non-exclusive right under the Franchise Agreement to use and display the Marks in operating, marketing, and advertising the Franchised Business. Our affiliate registered certain of the following principal Marks on the Principal Register of the United States Patent and Trademark Office (the "**PTO**"):

Mark	Registration Number	Date Registered
SANDBOX VR	5619099	November 27, 2018
◇ SANDBOX	6980560	February 12, 2023
◇ SANDBOX[VR]	5619220	November 27, 2018
SANDBOX	6980544	February 14, 2023
ESCAPE TOGETHER	5691788	March 5, 2019
PLAY AGAIN. TOGETHER	5691789	March 5, 2019

Glo Big (our "**Licensor**") has licensed us the right to use the Marks and to sublicense the use of the Marks to you and other franchisees for the operation of Sandbox VR Businesses under a license agreement dated August 31, 2018 (the "**Trademark License Agreement**"). The Trademark License Agreement's term is perpetual. No other agreement significantly limits our rights to use or license the use of the Marks in a manner material to the franchise.

We or Licensor have filed all required affidavits. There are no currently effective material determinations of the PTO, the Trademark Trial and Appeal Board, any state trademark administrator, or any court, and no pending infringement, opposition, or cancellation proceedings or material litigation, involving the Marks. We do not know of either superior prior rights or infringing uses that could materially affect your use of the Marks.

You must follow our rules and System Standards when using the Marks. You must notify us immediately of any actual or apparent infringement of or challenge to your use of any Mark, or of any person's claim of any rights in any Mark. You may not communicate with any person other than us, our attorneys, our Licensor and its attorneys, and your attorneys, regarding any infringement, challenge or claim. We or our Licensor may take the action that we or it deems appropriate (including no action) and control exclusively any litigation, PTO proceeding or other proceeding relating to any infringement, challenge or claim or otherwise concerning any Mark. You must sign any documents and take any reasonable actions that, in the opinion of our

attorneys, are necessary or advisable to protect and maintain our and our Licensor's interests in any litigation or PTO or other proceeding or otherwise to protect and maintain our and our Licensor's interests in the Marks. At our option, we or our Licensor may defend and control the defense of any litigation or proceeding relating to any Mark.

We will reimburse you for all damages and expenses you incur or for which you are liable in any proceeding challenging your right to use any Mark, but only if your use is consistent with the Franchise Agreement, the Operations Manual and System Standards and you have timely notified us of, and comply with our directions in responding to, the proceeding.

If we believe at any time that it is advisable for us and/or you to modify or discontinue using any Mark and/or use one or more additional or substitute trademarks or service marks, you must comply with our directions within a reasonable time after receiving notice. We need not reimburse you for your expenses in complying with these directions (such as costs you incur in changing the Franchised Business's signs or replacing supplies), 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.

You will have the right to use Third-Party Marks (defined below) in connection with certain Experiences offered at the Franchised Business. You may use the Third-Party Marks solely as provided in the Franchise Agreement and in the Operations Manual, and subject to any further requirements and/or specifications set forth by us or our affiliates. You must: (1) comply with all terms and conditions applicable to the Third-Party Marks; and (2) be fully responsible and liable to us and our affiliates (or as the case may be, the relevant owners of the Third-Party Marks) for any non-compliance with such terms and conditions. You must execute any documentation required by us or our affiliates (or the relevant owners of the Third-Party Marks) to document your use of the Third-Party Marks. We make no guarantees, representations, or warranties of any kind, express or implied, regarding the validity, ownership, or use of any Third-Party Marks. "**Third-Party Marks**" means the trademarks, service marks, trade names, trade dress, slogans, emblems, and logos owned by independent third parties, approved by us for use by you in connection with the Experiences offered at the Franchised Business, and (A) sub-licensed to you or which you are otherwise authorized to use by us or our affiliates (pursuant to licenses granted to us or our affiliates by the relevant owners of the Third-Party Marks); or (B) licensed or provided directly to you by the relevant owners of the Third-Party Marks.

The Development Rights Agreement does not grant you any rights to use the Marks or any Third-Party Marks. You derive the right to use the Marks and Third-Party Marks only under a franchise agreement.

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Item 14

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

Our affiliate, Glo Big, owns the following copyrights and patents for certain proprietary elements of our Franchise System.

Title	Registration Number	Date Registered
COPYRIGHT		
AMBER SKY 2088	PAu3966173	March 6, 2019
AMBER SKY 2088 – Dialogues in English, Mandarin and Cantonese	TXu2139222	March 6, 2019
CURSE OF DAVY JONES	PAu3966170	March 6, 2019
CURSE OF DAVY JONES – Dialogues in English, Mandarin and	TXu2143691	March 6, 2019
THE DEADWOOD MANSION EXPERIENCE	PAu3957066	January 30, 2019
THE DEADWOOD MANSION EXPERIENCE DIALOGUES	TXu2133553	January 30, 2019
UNBOUND FIGHTING LEAGUE	PAu3995798	September 10, 2019
UNBOUND FIGHTING LEAGUE – Dialogues in English, Mandarin and Cantonese	TXu2173737	September 10, 2019
PATENTS		
SYSTEMS AND METHODS FOR REAL-TIME RIGID BODY MOTION PREDICTION	10867395	December 15, 2020
SYSTEMS AND METHODS FOR SMOOTH REMOTE POSE RECOVERY UNDER NOISY NETWORK CONDITIONS	10706274	July 7, 2020

We also claim copyrights in the Operations Manual, the proprietary software, hardware and software configurations, advertising, training and promotional materials, and similar items used in operating the Franchised Business. We have not registered all of these copyrights with the U.S. Registrar of Copyrights but need not do so at this time to protect them. You may use these materials only as we specify while operating the Franchised Business and must modify or discontinue using them as we direct.

There currently are no effective determinations of the PTO, United States Copyright Office or any court regarding any of the copyrighted materials. No agreement limits our right to use or license the copyrighted materials. We do not know of any superior prior rights or infringing uses that could materially affect your using the copyrighted materials. We need not protect or defend copyrights or take any action if notified of infringement, and you have no obligation to notify us of any infringement. We may take the action we deem appropriate (including no action) and

exclusively control any proceeding involving the copyrights. No agreement requires us to participate in your defense or indemnify you for damages or expenses in a proceeding involving a copyright or claims arising from your use of copyrighted items.

We will disclose certain Confidential Information to you during the Franchise Agreement's term. "**Confidential Information**" includes development plans and site selection criteria for Sandbox VR Businesses; methods, formats, specifications, including the Design Specs, standards, systems, procedures, sales and marketing techniques, knowledge and experience used in locating, designing, developing, constructing, equipping, decorating and operating Sandbox VR Businesses; marketing research and promotional, marketing, advertising, public relations, customer relationship management and other brand-related materials and programs for Sandbox VR Businesses; knowledge of specifications for and suppliers of, and methods of ordering, certain Operating Assets and other products that Sandbox VR Businesses use and/or sell; knowledge of the operating results and financial performance of Sandbox VR Businesses other than the Franchised Business; knowledge of techniques for pricing the products and services, including tickets for the Experiences, that Sandbox VR Businesses use and/or sell; training materials and videos; the Computer System; the intellectual property to the extent not in the public domain, including all trade secrets; customer communication and retention programs, along with data used or generated in connection with those programs, including Customer Data; and any other information we reasonably designate as confidential or proprietary. However, Confidential Information does not include information, knowledge or know-how that is or becomes generally known in the virtual reality industry (without violating an obligation to us or our affiliate) or that you knew from previous business experience before we provided it to you or before you began training or operating the Franchised Business. If we include any matter in Confidential Information, anyone who claims that it is not Confidential Information must prove that this exclusion is fulfilled.

The Confidential Information is proprietary and includes our trade secrets. You and your owners (a) may not use any Confidential Information in any other business or capacity, whether during or after the Franchise Agreement's term; (b) must keep the Confidential Information absolutely confidential, both during the Franchise Agreement's term and after for as long as the information is not in the public domain; (c) may not make unauthorized copies of any Confidential Information disclosed in written or other tangible or intangible form; (d) must adopt and implement all reasonable procedures that we periodically designate to prevent unauthorized use or disclosure of Confidential Information, including restricting its disclosure to personnel of the Franchised Business and others needing to know the Confidential Information to operate the Franchised Business, and using confidentiality agreements with those having access to Confidential Information. We may regulate the form of agreement that you use and be a third party beneficiary of that agreement with independent enforcement rights; and (e) may not sell, trade or otherwise profit in any way from the Confidential Information, except during the Franchise Agreement's term using methods we approve.

You must ensure that each customer signs a waiver before participating in any activities at the Franchised Business. All signed waivers are deemed to be our Confidential Information and must be kept on the Computer System in the manner we designate. You must, at your expense and subject to our approval, develop a form of waiver that complies with all applicable laws.

You must comply with our System Standards, other directions from us, including our then current privacy policy, prevailing industry standards (including payment card industry data security standards), all contracts to which you are a party or otherwise bound, and all applicable laws and

regulations regarding the organizational, physical, administrative and technical measures and security procedures to safeguard the confidentiality and security of Customer Data on your Computer System or in your possession or control. You also must employ reasonable means to safeguard the confidentiality and security of Customer Data. "**Customer Data**" means any information of natural persons (customers) of the Franchised Business, individuals who have expressed an interest in the Franchised Business, marketing recipients, attendees of events in which the Franchised Business partakes, individuals whose personal information is processed on our instruction and on our behalf, and other related persons that relates to, identifies, or can be used to identify (on its own or together with other information), contact, locate, or be traced back to the specific person to whom such information pertains, or from which identification or contact information of an individual person can be derived. "Customer Data" includes information relating to the devices of the foregoing individuals. If there is a suspected or actual breach of security or unauthorized access involving your Customer Data ("**Data Security Incident**"), you must notify us immediately after becoming aware of it and specify the extent to which Customer Data was compromised or disclosed. You must comply with our instructions in responding to any Data Security Incident. We have the right, but no obligation, to control the direction and handling of any Data Security Incident and any related investigation, litigation, administrative proceeding or other proceeding at your expense.

You will be solely responsible for the costs and expenses relating to the collection, storage, and transfer of Customer Data, and we will not reimburse you for any related costs or expenses. Ownership of all Customer Data will vest and remain vested with us or our designated affiliate. You must implement the technical and organizational measures set forth in the Operations Manual and all necessary physical and digital security measures to (i) safeguard Customer Data and our Confidential Information from unauthorized access; (ii) preserve the confidentiality of Customer Data and our Confidential Information, including according to the Franchise Agreement and the Operations Manual; (iii) protect against any anticipated threats or hazards to the security or integrity of such information; and (iv) detect unauthorized access to or use of such information. You must promptly notify us if you make a determination that you can no longer meet any of these security measures. You must secure from your vendors, customers, prospective customers and others all consents and authorizations, and provide them all disclosures, that applicable law requires to transmit the Customer Data to us and our affiliates and for us and our affiliates to use and own that Customer Data in the manner that the Franchise Agreement contemplates.

You must promptly disclose to us all ideas, concepts, techniques or materials relating to a Sandbox VR Business that you or your owners, employees or contractors create (collectively, "**Innovations**"). Innovations are our sole and exclusive property, part of the Franchise System, and works made-for-hire for us. If any Innovation does not qualify as a work made-for-hire for us, you assign ownership of that Innovation, and all related rights to that Innovation, to us and must sign (and cause your owners, employees and contractors to sign) whatever assignment or other documents we request to evidence our ownership or to help us obtain intellectual property rights in the Innovation. We and our affiliates have no obligation to make any payments to you or any other person for any Innovations. You may not use any Innovation in operating the Franchised Business or in any other way without our prior approval.

The Development Rights Agreement does not grant you any right to use our copyrighted materials or Confidential Information. You derive the right to use these items only under a franchise agreement with us.

Item 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

Franchise Agreement

Only you are authorized to operate the Franchised Business. You must operate the Franchised Business for the Franchise Agreement's entire term and at all times faithfully, honestly and diligently perform your obligations and fully exploit the rights granted under the Franchise Agreement.

If you are an entity, an individual whom we approve (the "**Managing Owner**") must at all times during the term of the Franchise Agreement: (a) own more than 50% of the ownership interests in you; (b) have the authority under your governing documents to authorize a merger, liquidation, dissolution or transfer of substantially all of your assets and otherwise direct and control your management and policies without the vote or consent of any other person or entity; and (c) devote sufficient time and attention to the operation, promotion and enhancement of your business. The Franchise Agreement does not require the Managing Owner to participate personally in the direct, on-premises operation of the Franchised Business, but we recommend that he or she do so.

You must also designate an individual as your General Manager. The "**General Manager**" whom we approve will serve as the Franchised Business's general manager and devote all of his or her business time and attention to the on-premises management and operation of the Franchised Business. The General Manager need not have any ownership interest in the Franchised Business or in you, but must have the authority over all day-to-day business decisions for you and the Franchised Business. The Managing Owner and General Manager must complete the Initial Training Program to our satisfaction. If the General Manager fails to serve in this capacity, you must designate a replacement, whom we approve, and ensure that he or she satisfactorily completes the training that we then require, within 30 days after cessation of the prior General Manager's employment. The Managing Owner may serve as the General Manager, subject to our prior approval.

The Managing Owner and each owner who owns more than 10% of the ownership interests in you must sign a guaranty promising to be personally bound, jointly and severally, by all of Franchise Agreement's provisions and any ancillary agreements between you and us. The General Manager and each owner who owns 10% or less of the ownership interests in you must sign a key personnel agreement promising to be bound, jointly and severally, by the confidentiality, non-compete and transfer restrictions in the Franchise Agreement. We do not require Owners' spouses to sign guaranties.

The General Manager and all of the Franchised Business's employees having access to Confidential Information must sign agreements in a form we reasonably specify under which they agree to comply with the confidentiality restrictions in the Franchise Agreement.

If you replace the Managing Owner, General Manager, or assistant manager during the Franchise Agreement's term, then at your sole cost and expense, that individual's replacement must attend and successfully complete the applicable Initial Training Program that we reasonably specify within 30 days (or such longer period that we periodically designate) after assuming that

position. We will designate the dates, locations, and duration of training. We may charge a fee for this training (currently, $300 per day per trainer).

Development Rights Agreement

You must develop your Development Area according to the Development Schedule. We recommend that you (or, if you are an entity, your owners) personally supervise your development of Sandbox VR Businesses. Under the Development Rights Agreement your personnel need not have an equity interest in any Sandbox VR Business or in you. Personnel need not attend our training program. If you are an entity, your owners need not sign any personal guarantees of your obligations under the Development Rights Agreement.

Item 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

The Franchised Business must offer all products (including items for retail sale) and services that we periodically specify as being mandatory, including the Experiences. You may not offer, sell, or provide at the Franchised Business, the Site or any other location any products or services that we have not authorized. You must discontinue offering, selling or providing any products or services that we at any time disapprove in writing. You may not offer products or services through remote distribution or from any location other than the Site, unless required or otherwise approved by us. We may periodically change the types of goods and other authorized services and products for the Franchised Business and there are no limits on our right to make changes.

If, at any time during the Franchise Agreement's term, you fail to operate any Experience according to our specifications and standards, we may, without limiting our other rights and remedies under the Franchise Agreement, terminate your right to operate such Experience.

Our System Standards may regulate, and periodically specify, maximum, minimum, or other pricing requirements for products and services that the Sandbox VR Business offers, including requirements for promotions, special offers and discounts in which some or all Sandbox VR Businesses participate, to the maximum extent the law allows, including requirements for informing us of all prices you charge for the products, services, and Experiences at the Franchised Business; requirements for training, qualifications, conduct and appearance of personnel, and format and use of materials and supplies; and issuing and honoring gift certificates, gift cards, memberships, subscriptions, stored value cards and similar items and participating in other promotions, including any customer loyalty programs and promotions and procedures for resolving customer complaints.

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Item 17

RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

This table lists certain important provisions of the franchise and related agreements. You should read these provisions in the agreements attached to this disclosure document.

Provision	Section in franchise or other agreement	Summary
a. Length of the franchise term	1.B and 14.C of Franchise Agreement and 11 of Development Rights Agreement	Franchise Agreement expires 10 years after the opening date of the Franchised Business. If you continue operating after expiration, we may treat the term as extended on a week-to-week basis until either we or you deliver notice ending that extension. Development Rights Agreement expires when the final franchise agreement under the Development Schedule is signed.
b. Renewal or extension of the term	14.A of Franchise Agreement	Under the Franchise Agreement you may acquire 2 successor franchise terms of 5 years each if you have complied with your obligations under the Franchise Agreement and other agreements, you provide written notice, you demonstrate the right to maintain possession of the Site for at least 5 years following expiration, and you have renovated and/or remodeled the Franchised Business to meet then current requirements for new similarly situated Sandbox VR Businesses. Under the Development Rights Agreement, you may not extend or renew the term.
c. Requirements for franchisee to renew or extend	14.B of Franchise Agreement	Under the Franchise Agreement, upon renewal, you must sign our then current form of franchise agreement (which may be materially different from the Franchise Agreement), pay us successor franchise fee of $12,500 and sign release (to the extent state law allows).
d. Termination by franchisee	15.A of Franchise Agreement	You may terminate the Franchise Agreement if we materially breach and fail to cure within 30 days after notice or, if we cannot reasonably correct the breach in 30 days, then if we do not cure within a reasonable time. You have no right to terminate the Development Rights Agreement except as applicable law allows.
e. Termination by franchisor without cause	Not applicable	We may not terminate the Franchise Agreement or Development Rights Agreement without cause.
f. Termination by franchisor with cause	15.B-C of Franchise Agreement and 12 and 13 of Development Rights Agreement	We may terminate the Franchise Agreement and Development Rights Agreement if you or your owners commit any one of several violations, including your failure to comply with the Development Schedule.

	Provision	Section in franchise or other agreement	Summary
			We may exercise a list of alternative remedies instead of terminating the Franchise Agreement and/or Development Rights Agreement.
g.	"Cause" defined – curable defaults	15.B of Franchise Agreement	Under the Franchise Agreement you have 72 hours to fully cure violations of law, 10 days to cure payment defaults and 30 days to cure other defaults not listed in (h) below. There are no curable defaults under the Development Rights Agreement.
h.	"Cause" defined – non-curable defaults	15.B of Franchise Agreement and 12 of Development Rights Agreement	Non-curable defaults under the Franchise Agreement include material misrepresentation or omission, failure to satisfactorily complete training, failure to open Franchised Business on time, abandonment or failure to actively operate, surrender or transfer of your or Franchised Business's control, conviction of or pleading no contest to felony, any dishonest, unethical or illegal conduct that adversely impacts reputation or goodwill, failure to maintain insurance, interference with our rights to inspect Franchised Business or audit books and records, unauthorized transfer, termination of another agreement between you and us (excluding the termination of the Development Rights Agreement), violation of non-compete or confidentiality restrictions, failure to pay taxes, suppliers or lenders, repeated defaults, bankruptcy-related events, failure to comply with Proprietary Software License Agreement, and failure to exceed the Minimum Royalty for at least 12 months. We may not terminate the Franchise Agreement upon termination of the Development Rights Agreement. Non-curable defaults under the Development Rights Agreement include material misrepresentation or omission, conviction of or pleading no contest to felony, any dishonest, unethical or illegal conduct that adversely impacts reputation or goodwill, failure to comply with the Development Schedule or other provision, and breach or default of any agreement (including a Franchise Agreement) with you or your affiliate. We may terminate the Development Rights Agreement upon termination of a Franchise Agreement.
i.	Franchisee's obligations on termination/ non-renewal	16 of Franchise Agreement	Pay amounts due (including liquidated damages), stop identifying as our franchisee or using Marks or similar marks, de-identify Franchised Business, cease using Confidential Information, cease using all computer software licensed by us or our affiliates and comply with your obligations under any software license agreements, return Operations Manual, sign any documents to terminate right to use the Reservation Operating Platform or any other Customer Service, notify telephone company, telephone directory publishers, and all domain

	Provision	Section in franchise or other agreement	Summary
			name registries and internet service providers of termination (see also (o) and (r) below).
j.	Assignment of contract by franchisor	13.A of Franchise Agreement and 14 of Development Rights Agreement	We may assign agreements and change our ownership or form without restriction.
k.	"Transfer" by franchisee - defined	13.B of Franchise Agreement and 15(b) of Development Rights Agreement	Includes transfer of any interest in the Franchise Agreement or Development Rights Agreement, the Franchised Business or its assets or your business, or any direct or indirect ownership interest in you if you are an entity, or which results in the transfer or creation of a controlling ownership interest in you.
l.	Franchisor approval of transfer by franchisee	13.B to 13.I of Franchise Agreement and 15(b) of Development Rights Agreement	No transfers under the Franchise Agreement or Development Rights Agreement without our approval. Under the Development Rights Agreement, we may grant or withhold our approval for any reason
m.	Conditions for franchisor approval of transfer	13.B to 13.I of Franchise Agreement and 15(b) of Development Rights Agreement	Under the Franchise Agreement, conditions for non-control transfer are compliance with agreements, you provide notice and information to us at least 30 days before proposed transfer, sign general release (to the extent state law allows), transferee and its owners meet standards and have no ownership interest in or perform services for a competitive business, transferring owners agree not to use Marks or compete, you and owners agree to sign agreement and related documents to reflect new ownership structure, and you must pay a transfer fee of $2,500. Under the Franchise Agreement, conditions for control transfer are compliance with Franchise Agreement, you provide notice and information to us at least 30 days before proposed transfer, sign general release (to the extent state law allows), transferee and its owners meet standards and have no ownership interest in or perform services for a competitive business, transferring owners agree not to use Marks or compete, new personnel complete training, transferee or you repair and/or replace Operating Assets and upgrade Franchised Business and Site under Franchise Agreement, transferee (at our option) either agrees to be bound by current Franchise Agreement or signs our then current form of franchise agreement and related documents (which may contain different provisions), you pay transfer fee of $25,000, price and payment terms do not adversely affect operation, and transferee subordinates obligations.

	Provision	Section in franchise or other agreement	Summary
n.	Franchisor's right of first refusal to acquire franchisee's business	13.I of Franchise Agreement	We have the right to match offers under certain conditions.
o.	Franchisor's option to purchase franchisee's business	16.E of Franchise Agreement	We may purchase the Franchised Business's assets when the Franchise Agreement expires or terminates and manage the Franchised Business pending our purchase.
p.	Death or disability of franchisee	13.G of Franchise Agreement	Must transfer to an approved transferee within 6 months.
q.	Non-competition covenants during the term of the franchise	12 of Franchise Agreement and 10 of Development Rights Agreement	No owning interest in, providing services for, loaning or leasing to, or diverting Franchised Business business or customers to a competitive business.
r.	Non-competition covenants after the franchise is terminated or expires	16.D of Franchise Agreement and 10 of Development Rights Agreement	For 2 years, no owning interest in or providing services for a competitive business at the Site, within 5 miles of the Site, or within 5 miles of any other Sandbox VR Business.
s.	Modification of the agreement	18.J of Franchise Agreement and 16 of Development Rights Agreement	Modifications only by written agreement of the parties, but we may change the Operations Manual, System Standards and Franchise System.
t.	Integration/merger clause	18.L of Franchise Agreement and 16 of Development Rights Agreement	Only terms of the agreements are binding (subject to state law). Any representations or promises made outside of the Disclosure Document and those agreements may not be enforceable. Notwithstanding the foregoing, nothing in any agreement is intended to disclaim the express representations made in the franchise disclosure document, its exhibits, and amendments.
u.	Dispute resolution by arbitration or mediation	18.F of Franchise Agreement and 16 of Development Rights Agreement	We and you must arbitrate all disputes within 10 miles of our then current principal business address (currently Pleasanton, California) (subject to state law).
v.	Choice of forum	18.H of Franchise Agreement and 16 of Development Rights Agreement	Subject to arbitration obligations, litigation is in the state and city of our then current principal business address (currently Pleasanton, California) (subject to state law).
w.	Choice of law	18.G of Franchise Agreement and 16 of Development Rights Agreement	Except for Federal Arbitration Act and other federal law, Delaware law applies to all claims (subject to state law).

Item 18

PUBLIC FIGURES

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

Item 19

FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC's Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, if there is a reasonable basis for the information, and if the information is included in the Disclosure Document. Financial performance information that differs from that included in Item 19 may be given only if: (1) a franchisor provides the actual records of an existing outlet you are considering buying; or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

The information below contains certain historical financial results (the "**Results**") for 23 of the 24 affiliate-owned and franchised Sandbox VR Businesses operating in the United States as of December 31, 2022 (the "**Locations**"). The Locations feature 2 to 6 Holodecks. One affiliate-owned Sandbox VR Business operating in the United States as of December 31, 2022 was excluded because it opened on December 30, 2022 and therefore had insufficient data to be included. There are no material financial or operational characteristics of the Locations that we reasonably anticipate to differ from future operational franchise outlets.

The information below includes financial information from our 2022 fiscal year, which commenced January 1, 2022 and ended December 31, 2022 ("**FY22**"). The information below contains the: (a) historical reported monthly and annual Gross Sales (defined below) of the Locations during FY22; (b) the monthly Average Gross Sales (defined below) of the Locations open during the applicable month; (c) the monthly Median Gross Sales (defined below) of the Locations open during the applicable month; (d) the minimum reported monthly Gross Sales of the Locations open during the applicable month; (e) the maximum reported monthly Gross Sales of the Locations open during the applicable month; and (f) the number and percentage of Locations open during the applicable month meeting or exceeding the monthly Average Gross Sales. We did not include the average, median, minimum or maximum annual Gross Sales, as many of the Locations were not open for a full 12 months during FY22.

"Gross Sales" means all revenue that the Locations received or otherwise derived from operating the Franchised Business, whether from cash, check, credit and debit card, barter, exchange, trade credit, or other credit transactions, including Content Revenue and any implied or imputed Gross Sales from any business interruption insurance. "Gross Sales" excludes (a) sales taxes, use taxes, and other similar taxes added to the sales price, collected from the customer and paid to the appropriate taxing authority; (b) any bona fide refunds and credits that are actually provided to customers; and (c) the face value of coupons or discounts that customers redeem. "**Average Gross Sales**" is determined by taking the sum of the Gross Sales of the Locations open and in operation during the applicable month and dividing it by the number of Locations open and in operation during that month. "**Median Gross Sales**" is determined by sorting the Gross Sales of the Locations open and in operation during the applicable month in ascending order and identifying the point above and below which 50% of the data falls.

We calculated the figures below using information that our affiliates and franchisee operating in the United States provided. The figures were derived from our affiliates' and franchisee's unaudited monthly financial reports.

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Gross Sales - FY22			Opening Date	Number of holodeck rooms	Jan '22 - Gross Sales	Feb '22 - Gross Sales	Mar '22 - Gross Sales	Apr '22 - Gross Sales	May '22 - Gross Sales	Jun '22 - Gross Sales	Jul '22 - Gross Sales	Aug '22 - Gross Sales	Sep '22 - Gross Sales	Oct '22 - Gross Sales	Nov '22 - Gross Sales	Dec '22 - Gross Sales	2022 - Annual Gross Sales
Location Type	**Affiliate-Owned vs. Franchised**	**City**															
Shopping Center	Affiliate-Owned	San Mateo, CA	9/1/2020	4	$101,435	$117,065	$157,871	$192,850	$187,438	$180,981	$246,528	$242,600	$207,334	$195,996	$198,400	$259,305	**$2,287,803**
Shopping Center	Affiliate-Owned	Topanga, CA	9/16/2019	4	$61,482	$59,098	$88,634	$140,590	$100,817	$100,640	$140,713	$120,570	$119,092	$110,090	$94,513	$112,406	**$1,248,645**
Hotel Complex	Affiliate-Owned	San Francisco, CA	11/13/2019	4	$68,285	$115,517	$145,331	$217,953	$145,741	$135,862	$203,745	$188,556	$178,500	$173,952	$178,397	$208,618	**$1,960,457**
Shopping Center	Affiliate-Owned	Mission Valley, CA	12/28/2019	4	$80,240	$107,511	$149,322	$168,298	$147,519	$162,491	$203,125	$169,166	$156,245	$173,283	$151,273	$175,346	**$1,843,819**
Shopping Center	Affiliate-Owned	Cerritos, CA	1/12/2020	4	$69,177	$91,865	$131,429	$167,044	$139,962	$161,525	$207,303	$170,779	$134,942	$149,025	$136,756	$168,504	**$1,728,311**
Shopping Center	Affiliate-Owned	Oak Brook, IL	1/13/2020	6	$98,639	$155,185	$270,296	$267,414	$202,891	$230,556	$326,077	$288,713	$194,975	$195,123	$219,345	$243,862	**$2,693,076**
Outdoor Shopping Center	Affiliate-Owned	Austin, TX	7/10/2021	4	$138,648	$127,091	$189,147	$201,268	$198,341	$206,134	$287,468	$214,099	$178,115	$204,691	$190,286	$235,755	**$2,371,043**
Shopping Center	Affiliate-Owned	Las Vegas, NV	7/15/2021	2	$85,341	$98,750	$140,707	$151,951	$135,107	$150,847	$201,074	$196,963	$166,127	$182,982	$165,046	$184,707	**$1,859,602**
Shopping Center	Affiliate-Owned	Roseville, MN	11/5/2021	4	$57,457	$61,296	$102,845	$89,128	$157,162	$73,503	$96,916	$91,815	$61,928	$93,562	$78,330	$89,628	**$1,053,570**
Shopping Center	Affiliate-Owned	San Ramon, CA	12/3/2021	4	$93,689	$82,370	$127,893	$169,684	$123,481	$166,135	$197,785	$174,640	$132,961	$142,761	$157,866	$215,901	**$1,785,166**
Shopping Center	Affiliate-Owned	Eden Prairie, MN	3/31/2022	4				$52,266	$39,883	$57,914	$75,232	$80,379	$44,939	$58,445	$51,311	$61,829	**$522,198**
Shopping Center	Affiliate-Owned	Kirkland, WA	4/15/2022	4				$26,763	$101,047	$137,218	$194,935	$174,883	$139,332	$148,406	$149,046	$144,839	**$1,216,469**
Shopping Center	Affiliate-Owned	Dallas, TX	6/24/2022	4						$17,814	$164,359	$149,651	$152,275	$164,311	$172,169	$226,989	**$1,047,568**
Shopping Center	Affiliate-Owned	Fort Worth, TX	6/22/2022	5						$12,573	$103,403	$124,918	$120,281	$124,336	$106,519	$131,482	**$723,512**
Shopping Center	Affiliate-Owned	Liberty Township, OH	7/1/2022	4						$1,107	$105,832	$131,209	$121,716	$130,153	$126,037	$150,409	**$766,463**
Outdoor Shopping Center	Affiliate-Owned	Emeryville, CA	7/22/2022	4						$833	$41,826	$137,221	$128,164	$155,424	$136,691	$179,987	**$780,146**
Shopping Center	Affiliate-Owned	Lone Tree, CO	9/9/2022	5									$66,901	$126,867	$97,614	$127,848	**$419,230**
Outdoor Shopping Center	Affiliate-Owned	Indianapolis, IN	9/30/2022	4									$2,723	$128,437	$133,800	$143,814	**$408,774**
Outdoor Shopping Center	Affiliate-Owned	St. Louis, MO	11/4/2022	4											$88,974	$135,079	**$224,053**
Entertainment Center	Affiliate-Owned	Atlanta, GA	11/11/2022	4											$142,600	$310,596	**$453,196**
Entertainment Center	Affiliate-Owned	Dublin, OH	11/30/2022	4												$169,822	**$169,822**
Shopping Center	Affiliate-Owned	Westlake, OH	12/14/2022	4												$82,722	**$82,722**
Strip Mall	Franchised	Paramus, NJ	12/1/2021	4	$73,736	$141,944	$183,790	$224,292	$242,713	$229,838	$270,273	$269,458	$221,454	$217,902	$212,052	$247,155	**$2,534,607**
		Total Gross Sales			$928,129	$1,157,692	$1,687,265	$2,069,501	$1,922,102	$2,025,971	$3,066,594	$2,925,620	$2,528,004	$2,875,746	$2,987,025	$4,006,603	$28,180,252
		Number of Locations in Operation			11	11	11	13	13	17	17	17	19	19	21	23	
		Average Gross Sales			$84,375	$105,245	$153,388	$159,192	$147,854	$119,175	$180,388	$172,095	$133,053	$151,355	$142,239	$174,200	
		Median Gross Sales			$80,240	$107,511	$145,331	$168,298	$145,741	$137,218	$197,785	$170,779	$134,942	$149,025	$142,600	$169,822	
		Minimum Gross Sales			$57,457	$59,098	$88,634	$26,763	$39,883	$833	$41,826	$80,379	$2,723	$58,445	$51,311	$61,829	
		Maximum Gross Sales			$138,648	$155,185	$270,296	$267,414	$242,713	$230,556	$326,077	$288,713	$221,454	$217,902	$219,345	$310,596	
		Number of Locations Meeting or Exceeding Average Gross Sales			5	6	4	8	5	10	10	8	10	9	11	11	
		Percentage of Locations Meeting or Exceeding Average Gross Sales			45%	55%	36%	62%	38%	59%	59%	47%	53%	47%	52%	48%	

The preceding Gross Sales financial performance representation does not reflect the costs of sales, operating expenses or other costs or expenses that must be deducted from the Gross Sales figures to obtain net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your Sandbox VR Business. Franchisees or former franchisees, listed in this disclosure document, may be one source of this information.

Upon your reasonable request, we will provide written substantiation for these financial performance representations.

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

Other than the preceding financial performance representations, 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 outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Gina Moughty, 4695 Chabot Drive, Suite 200, Pleasanton, California 94588, (925) 558-2768, the Federal Trade Commission, and the appropriate state regulatory agencies.

Item 20

OUTLETS AND FRANCHISEE INFORMATION

All numbers appearing in Tables 1 – 5 below are as of December 31 in each year. Our affiliate operates the Sandbox VR Businesses listed as "company-owned."

Table No. 1

Systemwide Outlet Summary

For years 2020 to 2022

Column 1 Outlet Type	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets at the End of the Year	Column 5 Net Change
Franchised	2020	0	0	0
	2021	0	1	+1
	2022	1	1	0
Company-Owned	2020	3	6	+3
	2021	6	10	+4
	2022	10	23	+13
Total Outlets	**2020**	**3**	**6**	**+3**
	2021	**6**	**11**	**+5**
	2022	**11**	**24**	**+13**

Table No. 2
Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For years 2020 to 2022

Column 1 States	Column 2 Year	Column 3 Number of Transfers
All States	2020	0
	2021	0
	2022	0
Total	**2020**	**0**
	2021	**0**
	2022	**0**

Table No. 3
Status of Franchised Outlets
For years 2020 to 2022

Column 1 State	Column 2 Year	Column 3 Outlets at Start of Year	Column 4 Outlets Opened	Column 5 Terminations	Column 6 Non-Renewals	Column 7 Reacquired by Franchisor	Column 8 Ceased Operations-Other Reason	Column 9 Outlets at End of Year
New Jersey	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1
TOTALS	**2020**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
	2021	**0**	**1**	**0**	**0**	**0**	**0**	**1**
	2022	**1**	**0**	**0**	**0**	**0**	**0**	**1**

Table 4
Status of Company-Owned Outlets
For years 2020 to 2022

Column 1 State	Column 2 Year	Column 3 Outlets at Start of the Year	Column 4 Outlets Opened	Column 5 Reacquired from Franchisees	Column 6 Outlets Closed	Column 7 Outlets Sold to Franchisees	Column 8 Outlets at End of the Year
California	2020	3	2	0	0	0	5
	2021	5	1	0	0	0	6
	2022	6	1	0	0	0	7

Column 1 State	Column 2 Year	Column 3 Outlets at Start of the Year	Column 4 Outlets Opened	Column 5 Reacquired from Franchisees	Column 6 Outlets Closed	Column 7 Outlets Sold to Franchisees	Column 8 Outlets at End of the Year
Colorado	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	1	0	0	0	1
Illinois	2020	0	1	0	0	0	1
	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
Indiana	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	1	0	0	0	1
Georgia	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	1	0	0	0	1
Minnesota	2020	0	0	0	0	0	0
	2021	0	1	0	0	0	1
	2022	1	1	0	0	0	2
Missouri	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	1	0	0	0	1
Nevada	2020	0	0	0	0	0	0
	2021	0	1	0	0	0	1
	2022	1	0	0	0	0	1
Ohio	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	3	0	0	0	3
Texas	2020	0	0	0	0	0	0
	2021	0	1	0	0	0	1
	2022	1	2	0	0	0	3
Utah	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	1	0	0	0	1

Column 1 State	Column 2 Year	Column 3 Outlets at Start of the Year	Column 4 Outlets Opened	Column 5 Reacquired from Franchisees	Column 6 Outlets Closed	Column 7 Outlets Sold to Franchisees	Column 8 Outlets at End of the Year
Washington	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	1	0	0	0	1
Totals	**2020**	**3**	**3**	**0**	**0**	**0**	**6**
	2021	**6**	**4**	**0**	**0**	**0**	**10**
	2022	**10**	**13**	**0**	**0**	**0**	**23**

Table No. 5
Projected Openings As Of December 31, 2022

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlet in the Next Fiscal Year
California	0	0	1
Georgia	0	0	1
Illinois	0	0	1
Kansas	0	0	1
Kentucky	0	0	1
Louisiana	0	0	1
Nevada	0	0	1
New Jersey	2	2	0
Oregon	0	0	1
Pennsylvania	0	0	2
Texas	0	0	1
Virginia	0	0	2
Washington	0	0	1
TOTALS	**2**	**2**	**14**

Exhibit F contains a list of the names of all of our franchisees as of December 31, 2022 and the addresses and telephone numbers of their Sandbox VR Businesses. In the future, we will also provide in Exhibit G, a list of the names, cities and states, and last known home or business telephone numbers of the franchisees who had an outlet terminated, transferred, canceled, or not renewed, or who otherwise voluntarily or involuntarily ceased to do business under a franchise agreement with us, during the previous fiscal year or who have not communicated with us within 10 weeks of our then current disclosure document's issuance date.

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

No franchisees have signed agreements with confidentiality clauses during the last 3 years. There are no trademark-specific franchisee organizations associated with the Sandbox VR Business franchise network.

Item 21

FINANCIAL STATEMENTS

Exhibit H contains our audited balance sheets as of December 31, 2022, 2021, and 2020 and the related statements of operations, member's equity, and cash flows for the years ended December 31, 2022, 2021, and 2020. Exhibit H also contains our unaudited balance sheet and income statement as of and for the period ended March 31, 2023.

Item 22

CONTRACTS

The following agreements are exhibits to this disclosure document:

1. Franchise Agreement – Exhibit B
2. Development Rights Agreement – Exhibit C
3. Proprietary Software License Agreement – Exhibit D
4. Current Form of Release – Exhibit I
5. State-Specific Riders to Franchise Agreement – Exhibit J

Item 23

RECEIPT

Our and your copies of the Franchise Disclosure Document Receipt are the last pages of this disclosure document.

EXHIBIT A

LIST OF STATE AGENCIES/AGENTS FOR SERVICE OF PROCESS

STATE AGENCIES/AGENTS FOR SERVICE OF PROCESS

Listed here are the names, addresses and telephone numbers of the state agencies having responsibility for the franchising disclosure/registration laws. We may not yet be registered to sell franchises in any or all of these states.

If a state is not listed, we have not appointed an agent for service of process in that state in connection with the requirements of the franchise laws. There may be states in addition to those listed below in which we have appointed an agent for service of process.

There also may be additional agents appointed in some of the states listed.

CALIFORNIA

Commissioner of Department of Financial Protection & Innovation
Department of Financial Protection & Innovation
Toll Free: 1 (866) 275-2677

Los Angeles

Suite 750
320 West 4th Street
Los Angeles, California 90013-2344
(213) 576-7500

Sacramento

2101 Arena Boulevard
Sacramento, California 95834
(866) 275-2677

San Diego

1455 Frazee Road, Suite 315
San Diego, California 92108
(619) 525-4233

San Francisco

One Sansome Street, Suite 600
San Francisco, California 94105-2980
(415) 972-8559

HAWAII

(for service of process)

Commissioner of Securities
Department of Commerce
and Consumer Affairs
Business Registration Division
335 Merchant Street, Room 203
Honolulu, Hawaii 96813
(808) 586-2722

(for other matters)

Commissioner of Securities
Department of Commerce
and Consumer Affairs
Business Registration Division
335 Merchant Street, Room 205
Honolulu, Hawaii 96813
(808) 586-2722

ILLINOIS

Illinois Attorney General
500 South Second Street
Springfield, Illinois 62706
(217) 782-4465

INDIANA

(for service of process)

Indiana Secretary of State
201 State House
200 West Washington Street
Indianapolis, Indiana 46204
(317) 232-6531

(state agency)

Indiana Secretary of State
Securities Division
Room E-111
302 West Washington Street
Indianapolis, Indiana 46204
(317) 232-6681

MARYLAND

(for service of process)

Maryland Securities Commissioner
at the Office of Attorney General-
Securities Division
200 St. Paul Place
Baltimore, Maryland 21202-2021
(410) 576-6360

(state agency)

Office of the Attorney General-
Securities Division
200 St. Paul Place
Baltimore, Maryland 21202-2021
(410) 576-6360

MICHIGAN

Michigan Attorney General's Office
Consumer Protection Division
Attn: Franchise Section
G. Mennen Williams Building, 1st Floor
525 West Ottawa Street
Lansing, Michigan 48933
(517) 335-7567

MINNESOTA

Commissioner of Commerce
Department of Commerce
85 7th Place East, Suite 280
St. Paul, Minnesota 55101
(651) 539-1500

NEW YORK

(for service of process)

Attention: New York Secretary of State
New York Department of State
One Commerce Plaza,
99 Washington Avenue, 6th Floor
Albany, New York 12231-0001
(518) 473-2492

(Administrator)

NYS Department of Law
Investor Protection Bureau
28 Liberty Street, 21st Floor
New York, New York 10005
(212) 416-8236 (Phone)

NORTH DAKOTA

(for service of process)

Securities Commissioner
North Dakota Securities Department
600 East Boulevard Avenue, Suite 414
Bismarck, North Dakota 58505
(701) 328-4712

(state agency)

North Dakota Securities Department
600 East Boulevard Avenue, Suite 414
Bismarck, North Dakota 58505
(701) 328-2910

OREGON

Oregon Division of Financial Regulation
350 Winter Street NE, Suite 410
Salem, Oregon 97301
(503) 378-4140

RHODE ISLAND

Securities Division
Department of Business Regulations
1511 Pontiac Avenue
John O. Pastore Complex-Building 69-1
Cranston, Rhode Island 02920
(401) 462-9500

SOUTH DAKOTA

Division of Insurance
Securities Regulation
124 S. Euclid, Suite 104
Pierre, South Dakota 57501
(605) 773-3563

VIRGINIA

(for service of process)

Clerk, State Corporation Commission
1300 East Main Street
First Floor
Richmond, Virginia 23219
(804) 371-9733

(for other matters)

State Corporation Commission
Division of Securities and Retail Franchising
Tyler Building, 9th Floor
1300 East Main Street
Richmond, Virginia 23219
(804) 371-9051

WASHINGTON

(for service of process)

Director Department of Financial Institutions
Securities Division
150 Israel Road SW
Tumwater, Washington 98501
(360) 902-8760

(for other matters)

Department of Financial Institutions
Securities Division
P. O. Box 9033
Olympia, Washington 98501-9033
(360) 902-8760

WISCONSIN

(for service of process)

Administrator, Division of Securities
Department of Financial Institutions
4822 Madison Yards Way, North Tower
Madison, Wisconsin 53705
(608) 266-2139

(state administrator)

Division of Securities
Department of Financial Institutions
4822 Madison Yards Way, North Tower
Madison, Wisconsin 53705
(608) 266-9555

EXHIBIT B

FRANCHISE AGREEMENT

FRANCHISE AGREEMENT

Franchisee Name

Address

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SANDBOX VR® BUSINESS
FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT (the "**Agreement**") is made and entered into as of _____, 20__ (the "**Agreement Date**"), regardless of the date of the parties' signatures, between **GLOSTATION FRANCHISING USA, INC.**, a Delaware corporation with its principal business address at 4695 Chabot Drive, Suite 200, Pleasanton, California, 94588 ("**Franchisor**"), and _____, whose principal business address is _____ ("**Franchisee**").

1. Preambles and Grant of Franchise Rights.

1.A. Preambles.

(1) Franchisor and its affiliates have developed and own a method of developing and operating facilities that feature live-action, hyper reality experiences, including virtual reality and physical adventures with a full body tracking system that operate under and are identified by the Marks (defined below) and use the Franchise System (defined below) (the "**Sandbox VR Businesses**").

(2) Franchisor and its affiliates have developed and Franchisor uses, promotes and sublicenses, and may in the future develop and license or sublicense, certain trademarks, service marks and other commercial symbols in operating Sandbox VR Businesses, all of which Franchisor may modify from time to time (collectively, the "**Marks**").

(3) Franchisor offers franchises to own and operate a Sandbox VR Business using Franchisor's business system, business formats, techniques and processes, methods, procedures, signs, designs, layouts, trade dress, equipment, marketing programs, standards, specifications, Marks, Experiences (defined in Section 1.B.(2)), and related items, all of which Franchisor may improve, further develop and otherwise modify from time to time (collectively, the "**Franchise System**").

(4) Franchisee has applied for a franchise to own and operate a Sandbox VR Business, and Franchisor has approved Franchisee's application relying on all of Franchisee's representations, warranties and acknowledgments contained in Franchisee's franchise application and this Agreement.

1.B. Grant of Franchise and Term.

(1) Franchisee has applied for a franchise to own and operate a Sandbox VR Business at the location specified on Exhibit A (the "**Site**"), which is located within the territory also described on Exhibit A (the "**Territory**"). If the Site and Territory are not determined as of the Agreement Date, they will be determined in accordance with Sections 2.A and 2.B. Subject to the terms of this Agreement, Franchisor grants Franchisee the right and Franchisee assumes the obligation to develop and operate a Sandbox VR Business at the Site (the "**Franchised Business**"), and to use the Franchise System in its operation, for a term beginning on the Agreement Date and ending on the date which is ten (10) years after the date upon which the Franchised Business first opens for business (the "**Opening Date**"), unless sooner terminated (the "**Term**"). Franchisor may amend Exhibit A after the date hereof to include the Opening Date.

(2) Exhibit A-1 to this Agreement identifies the virtual reality experiences available to Franchisee (the "**Experiences**") as of the Agreement Date. Franchisor may add and remove the Experiences available to Franchisee following written notice, which notice will also state the Experience Fee (as defined in Section 5.C.(2)) for each new Experience. Unless otherwise stated in the Operations Manual (as defined in Section 4.E.), the Franchised Business must include a minimum of two (2) game rooms, each of which supports two (2) to six (6) participants for each Experience (each, a "**Holodeck**").

1.C. Best Efforts. Only Franchisee is authorized to operate the Franchised Business. Franchisee must operate the Franchised Business for the entire Term and at all times faithfully, honestly and diligently perform its obligations and fully exploit the rights granted under this Agreement.

1.D. Business Entity Franchisee. If Franchisee is at any time a corporation, a limited liability company, a general, limited, or limited liability partnership, or another form of business entity (collectively, an "**Entity**"), Franchisee agrees and represents that:

(1) Franchisee's organizational documents, operating agreement, and/or partnership agreement (as applicable) will recite that this Agreement restricts the issuance and transfer of any Ownership Interests (defined below) in Franchisee, and all certificates and other documents representing Ownership Interests in Franchisee will bear a legend referring to this Agreement's restrictions. In this Agreement, "**Ownership Interests**" means (a) in relation to a corporation, shares of capital stock (whether common stock, preferred stock or any other designation) or other equity interests; (b) in relation to a limited liability company, membership interests or other equity interests; (c) in relation to a partnership, a general or limited partnership interest; (d) in relation to a trust, a beneficial interest in the trust; and (e) in relation to any Entity (including those described in (a) through (d) above), any other interest in that Entity or its business that allows the holder of that interest (whether directly or indirectly) to direct or control the direction of the management of the Entity or its business (including a managing partner interest in a partnership, a manager or managing member interest in a limited liability company, and a trustee of a trust), or to share in the revenue, profits or losses of, or any capital appreciation relating to, the Franchised Business, that Entity or its business.

(2) Exhibit B to this Agreement completely and accurately describes all of Franchisee's Owners (defined below) and their Ownership Interests in Franchisee. In this Agreement, "**Owner**" means any individual or Entity holding a direct or indirect Ownership Interest (whether of record, beneficially, or otherwise) in Franchisee. The Managing Owner (defined below) and each Owner (if any) who owns (directly or indirectly) more than ten percent (10%) of the Ownership Interests in Franchisee at any time during the Term must sign an agreement in the form Franchisor designates undertaking personally to be bound, jointly and severally, by all provisions of this Agreement and any ancillary agreements between Franchisee and Franchisor (a "**Guaranty**"), the current version of which is Exhibit C to this Agreement. The General Manager (defined below) and any Owner who does not sign a Guaranty must sign an agreement in the form Franchisor designates undertaking personally to be bound, jointly and severally, by the confidentiality, non-compete and transfer restrictions in this Agreement (a "**Key Personnel Agreement**"), the current version of which is Exhibit D to this Agreement. Subject to Franchisor's rights and Franchisee's obligations under Section 13, Franchisee and its Owners agree to sign and deliver to Franchisor revised Exhibits B to reflect any changes in the information that Exhibit B now contains.

(3) an individual whom Franchisor approves (the "**Managing Owner**") must at all times during the Term: (a) own (directly or indirectly) more than fifty percent (50%) of the Ownership Interests in Franchisee; (b) have the authority under Franchisee's governing documents to authorize a merger, liquidation, dissolution or transfer of substantially all of the assets of Franchisee and otherwise to direct and control Franchisee's management and policies without the vote or consent of any other person or Entity; and (c) devote sufficient time and attention to the promotion and operation of the Franchised Business. The Managing Owner as of the Agreement Date is listed on Exhibit B.

(4) Franchisee shall designate an individual whom Franchisor approves (the "**General Manager**") to serve as the Franchised Business's general manager who will devote all of his or her business time and attention to the on-premises management and operation of the Franchised Business. The General Manager need not have any direct or indirect Ownership Interest in Franchisee but must have the authority over all day-to-day business decisions for Franchisee and the Franchised Business. The General Manager as of the Agreement Date is listed on Exhibit B. If the General Manager no longer serves in that capacity for any reason, then Franchisee must designate a replacement General Manager whom Franchisor approves, and ensure that such new General Manager satisfactorily completes the training that Franchisor then requires, within thirty (30) days after cessation of the prior General Manager's employment. For the avoidance of doubt, the Managing Owner may serve as the General Manager, subject to Franchisor's prior approval.

(5) the Franchised Business and other Sandbox VR Businesses, if applicable, will be the only businesses Franchisee owns or operates (although its Owners and affiliates may have other business interests, subject to Section 12).

1.E. Purchase Option. In addition to, and not in lieu or limitation of, all of Franchisor's rights and remedies set forth elsewhere in this Agreement and under applicable laws, Franchisor shall have the purchase option as set forth in Exhibit E (the "**Purchase Option**"), which Franchisor or its designee has the right to exercise pursuant to Exhibit E.

2. Site Acceptance, Development and Opening of Franchised Business.

2.A. Site Acceptance. If Franchisee has not located a Site that Franchisor has accepted as of the Agreement Date, then after the Agreement Date and before signing a Lease (as defined in Section 2.B.), Franchisee must deliver to Franchisor a complete site report and other materials and information that Franchisor requests for a suitable site within the non-exclusive "**Site Selection Area**" identified on Exhibit A (collectively, the "**Site Report**"). Franchisee will not have any territorial or other rights in the Site Selection Area. Franchisor may establish and operate, or grant rights to others to establish and operate, Sandbox VR Businesses within or outside the Site Selection Area. The Site Report must be on the forms and contain the information and documentation that Franchisor requires.

Without limiting the generality of the foregoing, Franchisor may require Franchisee, at Franchisee's expense, to submit as part of the Site Report a site analysis prepared by a third-party vendor designated by Franchisor. It is Franchisee's responsibility to locate, evaluate, and select the site for the Franchised Business. Franchisor will provide Franchisee Franchisor's then current criteria for sites of Sandbox VR Businesses (including, but not limited to, 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) to assist Franchisee in selecting and identifying a site. Franchisor will also provide Franchisee up to three (3) test fit layouts at no additional charge to confirm that a Sandbox VR Business can be operated at the proposed site. Franchisor will charge Franchisee a design services fee of Three Thousand Dollars ($3,000) per test fit layout for the fourth (4th) and each subsequent test fit layout (if any) for the Franchised Business. If Franchisor elects, at its option, to send Franchisor personnel to the Site Selection Area to review, evaluate, and/or tour with Franchisee one (1) or more proposed sites for the Franchised Business, Franchisor may require Franchisee to reimburse Franchisor for its and its personnel's costs and expenses incurred in connection with each such visit.

The Franchised Business must be located at a Site that Franchisor has accepted. Franchisor will use commercially reasonable efforts to review and either accept or reject a site that Franchisee proposes within thirty (30) days after receiving the complete Site Report and any other materials Franchisor may reasonably request; provided, however, that if Franchisor elects to visit the proposed site prior to approval, then Franchisor shall use commercially reasonable efforts to visit such proposed site within thirty (30) days after receiving the complete Site Report, after which visit Franchisor will use commercially reasonable efforts to accept or reject the proposed site within thirty (30) days. If Franchisor has not delivered to Franchisee written notice of Franchisor's acceptance of a proposed site within thirty (30) days after receiving the complete Site Report or thirty (30) days after Franchisor's visit to the proposed site, as applicable, that site will be deemed rejected. Franchisor will not unreasonably withhold its acceptance of a site that meets its then current criteria. Franchisor has the absolute right to reject any site that does not meet its then current criteria.

Despite any assistance, information or recommendations that Franchisor provides (whether before or after the Agreement Date) with respect to any site, Franchisor has made and will make no representations or warranties of any kind, express or implied, of the suitability of any site for a Sandbox VR Business or any other purpose. Franchisor's recommendation or acceptance of a site indicates only that Franchisor believes that the site meets or has the potential to meet, or that Franchisor has waived, the general criteria of site acceptability that Franchisor has established as of that time. Applying criteria that have appeared effective for other sites might not accurately reflect the potential for all sites, and, after Franchisor recommends or accepts a site, demographic and/or other factors included in or excluded from Franchisor's site criteria could change, thereby altering a site's potential. The uncertainty and instability of these criteria are beyond Franchisor's control, and Franchisor is not responsible if a site fails to meet Franchisor's or Franchisee's expectations. Franchisee's acceptance of the rights under this Agreement is based on Franchisee's agreement to investigate the suitability of sites.

2.B. Lease and Designation of Territory. Franchisee must obtain Franchisor's prior written acceptance of the terms of any lease or sublease for the Site (the "**Lease**") before Franchisee signs it. The Lease must contain the terms and provisions that are reasonably acceptable to Franchisor, including provisions to protect its rights as franchisor. Franchisee acknowledges that Franchisor's acceptance of the Lease is not a guarantee or warranty, express or implied, of the success or profitability of a Sandbox VR Business operated at the Site. Franchisor's acceptance of the Lease indicates only that Franchisor believes that the Lease's terms meet, or that Franchisor has waived, its then acceptable criteria. Franchisee must give Franchisor a copy of the fully-signed Lease within ten (10) days after Franchisee and the landlord have signed it. Franchisee may not sign any renewal or amendment of the Lease that Franchisor has not accepted.

If the Territory has not been determined as of the Agreement Date, after Franchisee signs a Lease, Franchisor will define the Territory using Franchisor's then current territory designation criteria. Franchisor will determine the Territory based on the factors that Franchisor deems relevant, which might include demographics and/or the character of the Site. Franchisor will insert the Site's address and the Territory's description on Exhibit A. Franchisee hereby authorizes Franchisor to deliver to Franchisee replacements for Exhibit A identifying the Site and/or Territory once they are determined in accordance with Section 2.A and this Section 2.B, and upon Franchisor's delivery to Franchisee of a revised Exhibit A, that Exhibit A shall be binding upon Franchisor and Franchisee as if Franchisor and Franchisee had signed that Exhibit A.

2.C. Developing and Equipping the Franchised Business. Franchisor will provide Franchisee Franchisor's then-current requirements for the design, decoration, layout, equipment, furniture, fixtures, color scheme, and signs for a Sandbox VR Business (the "**Design Specs**"). The Franchised Business must contain all of the Operating Assets, and only the Operating Assets, that Franchisor periodically specifies. "**Operating Assets**" means all required equipment, furniture, fixtures, Computer System (defined below) components, furnishings, and signs that Franchisor periodically requires for the Franchised Business. At Franchisor's option, Franchisee must use only the development company and/or other contractor(s) that Franchisor periodically designates or approves to design and/or develop the Franchised Business.

It is Franchisee's responsibility to prepare, in accordance with the Design Specs, all required construction plans and specifications to suit the Site and to make sure that they comply with the Americans with Disabilities Act (the "ADA") and similar rules governing public accommodations for persons with disabilities, other applicable ordinances, building codes, permit requirements, and Lease requirements and restrictions. Franchisee must submit construction plans and specifications to Franchisor for approval before Franchisee begins constructing the Franchised Business and all revised or "as built" plans and specifications during construction. Franchisor's review is limited to ensuring Franchisee's compliance with the Design Specs and this Agreement's other requirements. Franchisor's review is not designed to assess compliance with federal, state, or local laws and regulations, including the ADA, as compliance with those laws and regulations is Franchisee's responsibility. Franchisee must remedy, at its expense, any noncompliance or alleged noncompliance with those laws and regulations. Franchisor may periodically inspect the Site while Franchisee is developing the Franchised Business.

At Franchisee's expense, Franchisee must construct, install trade dress and furnish all Operating Assets in, and otherwise develop the Franchised Business at the Site according to Franchisor's standards, specifications and directions. If Franchisor requires, Franchisee must purchase or lease only approved brands, types and/or models of Operating Assets and/or purchase or lease them only from suppliers Franchisor designates or approves (which may include or be limited to Franchisor or its affiliates).

Notwithstanding the foregoing, prior to the opening of the Franchised Business, Franchisor or its affiliate will install at the Franchised Business the Sandbox VR Start-Up Equipment Package (as defined in Section 5.B.).

2.D. Computer System. Franchisee agrees to obtain and use in connection with the operation of the Franchised Business the computer-based, web-based, application-based and/or other technological systems and services that Franchisor periodically specifies, including hardware components, the Reservation Operating Platform, software, dedicated communication and power systems, printers, payment devices, and other computer-related accessories and peripheral equipment (the "**Computer System**"). Franchisee may only use and download onto

its Computer System software designated or authorized by Franchisor in writing. Franchisor may periodically modify specifications for and components of and/or the technologies and functions for, the Computer System, and these modifications and/or other technological developments or events, may require Franchisee to purchase, lease and/or license new or modified computer hardware, software and other components and technologies and to obtain service and support for the Computer System. Although Franchisor cannot estimate the future costs of the Computer System or required service or support, Franchisee agrees to incur the costs of obtaining and updating the Computer System (and additions and modifications) and required service or support. Within sixty (60) days after Franchisor delivers notice to Franchisee, Franchisee agrees to obtain the Computer System components that Franchisor designates and ensure that Franchisee's Computer System, as modified, is functioning properly.

Franchisor and its affiliates may condition any license of required or recommended proprietary software to Franchisee, and/or Franchisee's use of technology developed or maintained by or for Franchisor (including the System Website, as defined in Section 7.H), on Franchisee's signing a software license agreement or similar document, or otherwise agreeing to the terms (for example, by acknowledging Franchisee's consent to and accepting the terms of a click-through license agreement), that Franchisor and its affiliates periodically specify to regulate Franchisee's use of, and Franchisor's (or its affiliate's) and Franchisee's respective rights and responsibilities with respect to, the software or technology. Franchisor and its affiliates may charge Franchisee up-front and ongoing fees for any required or recommended proprietary software or technology that Franchisor or its affiliates license to Franchisee and for other Computer System maintenance and support services provided during the term of this Agreement. Without limiting the generality of the foregoing, Franchisee understands that the proprietary software used to present the virtual reality experiences to Franchisee's customers is of vital importance to the Franchise System and the operation of the Franchised Business, and, accordingly, Franchisee will execute, simultaneously with this Agreement, Franchisor's then-current form of Proprietary Software License Agreement (the "**Proprietary Software License Agreement**").

Notwithstanding Franchisee's obligation to buy, use, and maintain the Computer System according to Franchisor's standards and specifications, Franchisee has sole and complete responsibility for: (1) the acquisition, operation, maintenance, and upgrading of the Computer System; (2) the manner in which Franchisee's Computer System interfaces with Franchisor's and any third party's computer system; and (3) any and all consequences from Franchisee's use of unauthorized software on the Computer System (including any damage caused to the Intranet (as defined in Section 7.J.) or other system of Franchisor) or Franchisee's failure to operate, maintain, or upgrade properly the Computer System. The Computer System shall permit twenty-four (24) hours per day, seven (7) days per week electronic communications between Franchisee and Franchisor.

2.E. Opening. Franchisee must open the Franchised Business for business on or before the Opening Deadline defined and listed on Exhibit A. Franchisee agrees not to open the Franchised Business until: (1) Franchisee has properly developed and equipped the Franchised Business according to the Design Specs and Franchisor's other standards and specifications and in compliance with all applicable laws and regulations; (2) all pre-opening training for the Franchised Business's personnel has been completed to Franchisor's satisfaction; (3) all amounts Franchisee then owes to Franchisor and its affiliates have been paid; (4) Franchisee has given Franchisor evidence of required insurance coverage and payment of premiums; (5) Franchisee has given Franchisor a copy of the fully-signed Lease; and (6) if Franchisor (at its sole option) requires, Franchisor has conducted a pre-opening inspection and/or has certified the Franchised

Business for opening. Franchisor's determination that Franchisee has met all of Franchisor's pre-opening requirements will not constitute a waiver of Franchisee's non-compliance or of Franchisor's right to demand full compliance with those requirements.

2.F. Relocation of Franchise Business. If the Lease expires or is terminated without Franchisee's fault, or if the Franchised Business is destroyed, condemned, or otherwise rendered unusable, Franchisor will allow Franchisee to relocate the Franchised Business to a new site acceptable to Franchisor. Relocation will be at Franchisee's sole expense, and Franchisee must comply with this Agreement's provisions relating to the development of the Franchised Business at the new site and de-identification of the old site. Franchisor may charge Franchisee for the reasonable costs that Franchisor incurs in connection with any proposed relocation of the Franchised Business. In addition, Franchisor will charge Franchisee a design services fee of Three Thousand Dollars ($3,000) per test fit layout provided by Franchisor in connection with any relocation.

3. Territorial Rights.

3.A. Territorial Rights. Beginning on the date upon which Franchisor accepts the Site and determines the Territory or, if the Site is determined on the Agreement Date, then beginning on the Agreement Date, if Franchisee is complying with this Agreement, then neither Franchisor nor its affiliates will operate, or authorize any other party to operate, a Sandbox VR Business, the physical premises of which are located within the Territory, provided that the foregoing restrictions will not apply to Sandbox VR Businesses located at Non-Traditional Locations in the Territory. "**Non-Traditional Locations**" means locations that generate customer traffic flow which is independent from the general customer traffic flow of the surrounding area, including military bases, shopping malls, industrial or office facilities, hotels, college and university buildings, airports, train stations, travel plazas, casinos, amusement parks, and stadiums and other sports and entertainment venues.

3.B. Rights Franchisor Maintains. Franchisor (and any affiliates that Franchisor might have from time to time) shall at all times have the right to engage in any activities that Franchisor or they deem appropriate that are not expressly prohibited by this Agreement, whenever and wherever Franchisor or they desire, including:

(1) establishing and operating, and granting rights to others to establish and operate, on any terms and conditions that Franchisor deems appropriate, Sandbox VR Businesses at any locations outside the Territory and Sandbox VR Businesses at any Non-Traditional Locations within or outside the Territory;

(2) establishing and operating, and granting rights to others to establish and operate, on any terms and conditions Franchisor deems appropriate, virtual reality or similar entertainment businesses or any similar or dissimilar businesses that either are not primarily identified by the Marks or do not use the Franchise System at any locations, whether within or outside the Territory;

(3) exercising all rights relating directly or indirectly to the Marks, and all products and services associated with any of the Marks, in connection with any methods of distribution, except as specifically set forth in Section 3.A. This includes providing, and granting rights to others to provide (except as specifically set forth in Section 3.A), products and services to customers and other third parties that are similar or dissimilar to, or competitive with, any products and services provided at Sandbox VR Businesses,

whether identified by the Marks or other trademarks or service marks, regardless of the method of distribution (including through the System Website, other retail outlets, Internet, mobile applications, social media, or any other means of communication and distribution conceived now or in the future), and at any locations; and

(4) acquiring the assets or Ownership Interests of, or being acquired (regardless of the form of transaction) by, one or more businesses providing products and services similar or dissimilar to those provided at Sandbox VR Businesses, and franchising, licensing or creating other arrangements with respect to these businesses once acquired, wherever these businesses (or the franchisees or licensees of these businesses) are located or operating, whether within or outside the Territory.

4. Training and Assistance.

4.A. Initial Training Program. Before opening the Franchised Business for business, the Managing Owner, the General Manager (if different from the Managing Owner), and one (1) assistant manager at the Franchised Business (collectively, the "**Key Management Team**") must attend and complete to Franchisor's satisfaction all components of Franchisor's designated initial brand standard training program (the "**Initial Training Program**"). However, if the Managing Owner has attended and completed the Initial Training Program to Franchisor's satisfaction under another franchise agreement, Franchisor will not require the Managing Owner to attend the Initial Training Program. At Franchisee's option, Franchisee may also send additional personnel to the Initial Training Program. The Initial Training Program will typically be provided at the Site (after installation of the Sandbox VR Start-Up Equipment Package), provided that the Initial Training Program may also be provided in the form of classroom training, instruction at designated facilities, hands-on training at an operating Sandbox VR Business (other than the Franchised Business), remote training (including via Internet access) and/or self-study programs. The General Manager must complete the Initial Training Program to Franchisor's satisfaction before the Franchised Business opens for business. If Franchisor determines that any of Franchisee's personnel cannot complete the Initial Training Program to Franchisor's satisfaction, then in addition to its other rights and remedies, Franchisor may require such personnel to attend additional training programs at Franchisee's expense (for which Franchisor may charge reasonable fees).

4.B. Training of Replacement Key Management Team Members. If during the Term, Franchisee replaces any member of the Key Management Team, then at Franchisee's sole cost and expense, that individual's replacement must attend and successfully complete the applicable Initial Training Program that Franchisor reasonably specifies within thirty (30) days (or such longer period that Franchisor periodically designates) after assuming that position. Franchisor will designate the dates, locations, and duration of training.

4.C. Ongoing Training. During the Term, Franchisor may require Franchisee and/or its personnel, including the General Manager, to attend and satisfactorily complete various training courses and programs and evaluation programs, including online training, that Franchisor chooses to provide periodically at the times and locations Franchisor designates. At Franchisor's option, Franchisee must acquire the equipment, technology, and other products and services that Franchisor periodically specifies (and pay all associated fees) in order to participate in the learning management platform or other training system that Franchisor periodically designates. Franchisee's personnel whom Franchisor periodically specifies also must attend any conventions or other programs that Franchisor periodically specifies for some or all Sandbox VR Businesses.

4.D. Fees and Expenses During Training. Franchisor will provide the Initial Training Program to the individuals comprising, as of the Agreement Date, the Key Management Team at no charge, but Franchisee must pay the initial training fee that Franchisor specifies for any additional individuals who attend the Initial Training Program and for the training of any replacement Key Management Team members. Franchisee also agrees to pay the training fees that Franchisor periodically specifies for any ongoing training and evaluation programs that Franchisor provides. Franchisee also will be responsible for its and its personnel's travel, living and other expenses (including local transportation expenses) and compensation incurred in connection with attendance at any training courses and programs, conventions or work at any Sandbox VR Business that is part of their development.

4.E. General Guidance. Franchisor will advise Franchisee from time to time regarding the Franchised Business's operation based on Franchisee's reports or Franchisor's inspections, including with respect to standards, specifications, operating procedures and methods that Sandbox VR Businesses use, purchasing required or recommended Operating Assets and other products, and administrative, bookkeeping and accounting procedures. Franchisor will guide Franchisee in Franchisor's operating manual and/or other manuals (collectively, the "**Operations Manual**"); in bulletins or other written materials; by electronic media; by telephone consultation; and/or at Franchisor's office or the Franchised Business. If Franchisee requests and Franchisor agrees to provide additional or special guidance, assistance or training, Franchisee must pay Franchisor's then applicable charges, including per diem charges and any travel and living expenses for Franchisor's personnel. Any specific ongoing training, conventions, advice or assistance that Franchisor provides does not create an obligation to continue providing that specific training, convention, advice or assistance, all of which Franchisor may discontinue and modify at any time.

4.F. Operations Manual and System Standards. Franchisor will provide Franchisee access to the Operations Manual for use in operating the Franchised Business during the Term. The Operations Manual might include written or intangible materials (including videos and other electronic media) and may be made available to Franchisee by various means. At Franchisor's option, Franchisor may post the Operations Manual on the System Website or another restricted website to which Franchisee will have access, in which event Franchisee must periodically monitor the website for any updates to the Operations Manual or System Standards. Any passwords or other digital identifications necessary to access the Operations Manual on such a website will be deemed to be part of Confidential Information (defined in Section 11.A). The Operations Manual contains mandatory and suggested specifications, standards, operating procedures and rules that Franchisor periodically specifies for developing and/or operating a Sandbox VR Business ("**System Standards**") and information on Franchisee's other obligations under this Agreement. Franchisor may modify the Operations Manual periodically to reflect changes in System Standards. Franchisee agrees to keep its copy of the Operations Manual current and communicate all updates to its employees and contractors in a timely manner. In addition, Franchisee agrees to keep any paper copy of the Operations Manual it maintains in a secure location at the Franchised Business. If there is a dispute over its contents, Franchisor's master copy of the Operations Manual controls. Franchisee agrees that the contents of the Operations Manual are confidential and that Franchisee will not disclose the Operations Manual to any person other than employees of the Franchised Business who need to know its contents. Franchisee may not at any time copy, duplicate, record or otherwise reproduce any part of the Operations Manual, except as Franchisor periodically authorizes for training and operating purposes.

4.G. Delegation of Performance. Franchisor may delegate the performance of any portion or all of its obligations under this Agreement to its affiliates or other third-party designees, whether these designees are Franchisor's agents or independent contractors with whom Franchisor contracts to perform these obligations.

5. Fees.

5.A. Initial Franchise Fee. On the Agreement Date, Franchisee agrees to pay Franchisor an initial franchise fee in the amount of Fifty Thousand Dollars ($50,000), less any amount credited toward the initial franchise fee pursuant to an effective Development Rights Agreement between Franchisor and Franchisee (or its affiliate). This initial franchise fee is fully earned by Franchisor when Franchisee sign this Agreement and is not refundable under any circumstances.

5.B. Sandbox VR Start-Up Equipment Package and Installation Fees. On the Agreement Date, with respect to each Holodeck at the Franchised Business, Franchisee shall pay Franchisor in lump sum: (1) a fee in the amount of $130,000 (the "**Sandbox VR Start-Up Equipment Package Fee**") to acquire from Franchisor the initial virtual reality system hardware, including goggles, full-body tracking system, video surveillance, virtual reality experiences and related equipment, including props specific to the initial virtual reality experiences offered at the Franchised Business (collectively, the "**Sandbox VR Start-Up Equipment Package**"); and (2) a fee in the amount of $20,000 to compensate Franchisor for its (or its affiliate's) installation and deployment of the Sandbox VR-Start-Up Equipment Package at the Franchised Business prior to opening (the "**Installation Fee**").

5.C. Monthly Fees. On or before the day of each month that Franchisor periodically specifies (the "**Payment Day**"), Franchisee agrees to pay Franchisor monthly fees (the "**Monthly Fees"**) as follows:

(1) a royalty ("**Royalty**") equal to the greater of: (a) five percent (5%) of the Gross Sales (defined below) of the Franchised Business during the previous month; or (b) the Minimum Royalty. As of the Agreement Date, the "**Minimum Royalty**" is equal to Two Thousand Dollars ($2,000) per Holodeck at the Franchised Business; provided, however, that Franchisor reserves the right to adjust the Minimum Royalty at the end of every twenty-four (24) month period during the Term based upon Franchisee's performance during such twenty-four (24) month period, in Franchisor's judgment. As used in this Agreement, "**Gross Sales**" means all revenue that Franchisee receives or otherwise derives directly or indirectly from operating the Franchised Business, whether from cash, check, credit and debit card, barter, exchange, trade credit, or other credit transactions, including Content Revenue and any implied or imputed Gross Sales from any business interruption insurance. However, "Gross Sales" shall exclude (1) sales taxes, use taxes, and other similar taxes added to the sales price, collected from the customer and paid to the appropriate taxing authority; (2) any bona fide refunds and credits that are actually provided to customers; and (3) the face value of coupons or discounts that customers redeem. Each charge or sale upon credit shall be treated as a sale for the full price on the day during which such charge or sale is made, irrespective of when Franchisee receives payment (whether full or partial, or at all) on that sale. Amounts paid by gift certificate, gift card, stored value card or similar program are included in Gross Sales when the gift certificate, other instrument or applicable credit is redeemed;

(2) an experience fee (the "**Experience Fee**") to compensate Franchisor for various services and assistance provided to Franchisee by Franchisor and its designees in connection with provision and support of the Experiences. The Experience Fee is a per player cost based on the Experiences played and the number of players per session during each month. For each Experience, the Experience Fee is a minimum of twenty percent (20%) of Content Revenue, which amount will vary for each experience depending on Franchisor's third-party licensing costs incurred in connection with the applicable Experience. As used in this Agreement, "**Content Revenue**," for each Experience is the revenue generated from that Experience at the Franchised Business. Franchisor may increase the Experience Fee annually by up to five percent (5%) of the then-current Experience Fee;

(3) a contribution to the Brand Development Fund (as defined in Section 7.B.) in an amount that Franchisor periodically specifies, subject to the Marketing Spending Requirement (as defined in Section 7.E.) (the "**Brand Development Fund Contribution**"). As of the Agreement Date, Franchisee must pay to Franchisor a Brand Development Fund Contribution equal to one percent (1%) of the Gross Sales of the Franchised Business during the previous month; and

(4) an online marketing fee (the "**Online Marketing Fee**") to compensate Franchisor for various online marketing services performed by it, its affiliates, or its designee(s) pursuant to Section 7.G. As of the Agreement Date, the Online Marketing Fee is equal to Four Thousand Dollars ($4,000) per month; provided, however, that Franchisor may increase the Online Marketing Fee by up to five percent (5%) annually.

5.D. Additional Fee. Franchisor reserves the right to charge Franchisee fees for other and additional programs, technologies, services, events, and products supplied by Franchisor or third parties that Franchisor makes part of the Franchise System (the "**Additional Fee**"), in the amount periodically established by Franchisor, to compensate Franchisor for procuring, developing, and supplying new programs, technologies, services, events, and products to Franchisee as part of the Franchise System during the Term. Unless otherwise indicated by Franchisor, Additional Fees shall be treated in the same manner as Monthly Fees.

5.E. Automatic Debit. Franchisee must sign and deliver to Franchisor the documents Franchisor periodically requires to authorize Franchisor to debit Franchisee's bank account automatically for the Monthly Fees and other amounts due under this Agreement or any related agreement between Franchisor (or its affiliates) and Franchisee. Franchisee agrees to make the funds available for withdrawal by electronic transfer before each due date. If Franchisee fails to report the Franchised Business's Gross Sales and/or Content Revenue, Franchisor may debit Franchisee's account for one hundred twenty percent (120%) of the last Royalty, Brand Development Fund Contribution, and Experience Fee (as applicable) that Franchisor debited. If the amounts that Franchisor debits from Franchisee's account are less than the amounts Franchisee actually owes Franchisor (once Franchisor has determined the Franchised Business's actual Gross Sales and/or Content Revenue, as applicable), Franchisor will debit Franchisee's account for the balance, plus interest due under Section 5.F, on the day Franchisor specifies. If the amounts that Franchisor debits from Franchisee's account are greater than the amounts Franchisee actually owes Franchisor (once Franchisor has determined the Franchised Business's actual Gross Sales and/or Content Revenue, as applicable), Franchisor will credit the excess (without interest) against the amounts Franchisor otherwise would debit from Franchisee's account during the following month(s). Franchisor may periodically change the mechanism for Franchisee's payments of Monthly Fees and other amounts Franchisee owes to Franchisor and

its affiliates under this Agreement or any related agreement. Franchisee may not subordinate to any other obligation its obligation to pay Monthly Fees or any other fee or charge under this Agreement.

5.F. Interest on Late Payments. All amounts that Franchisee owes Franchisor, if not paid (or made available for withdrawal from Franchisee's bank account if Franchisor is then collecting those amounts by automatic debit) by the due date, will bear interest beginning on their due date at one and one-half percent (1.5%) per month or the highest commercial contract interest rate the law allows, whichever is less. Franchisee acknowledges that this Section 5.F is not Franchisor's agreement to accept any payments after they are due or Franchisor's commitment to extend credit to, or otherwise finance Franchisee's operation of, the Franchised Business. Franchisee's failure to pay all amounts that it owes Franchisor when due constitutes grounds for Franchisor's terminating this Agreement under Section 15, notwithstanding this Section 5.F.

5.G. Taxes on Franchisee's Payments. In addition to any sales, use, excise, privilege or other transaction taxes that applicable law requires or permits Franchisor to collect from Franchisee for the sale, lease or other provision of goods or services under this Agreement, Franchisee shall pay Franchisor an amount equal to all federal, state, local or foreign (a) sales, use, excise, privilege, occupation or any other transactional taxes, and (b) other taxes or similar exactions, no matter how designated, that are imposed on Franchisor or that Franchisor is required to withhold in connection with the receipt or accrual of Monthly Fees or any other amounts payable by Franchisee to Franchisor under this Agreement, excluding only taxes imposed on Franchisor for the privilege of conducting business and calculated with respect to Franchisor's net income, capital, net worth, gross receipts, or some other basis or combination thereof, but not excluding any gross receipts taxes imposed on Franchisor or its affiliates for Franchisee's payments intended to reimburse Franchisor or its affiliates for expenditures incurred for Franchisee's benefit and on its behalf. Franchisee shall make any additional required payment pursuant to this Section in an amount necessary to provide Franchisor with after-tax receipts (taking into account any additional payments required hereunder) equal to the same amounts that Franchisor would have received under this Agreement if such additional tax liability or withholding had not been imposed or required.

6. Operation of Franchised Business and System Standards.

6.A. Condition and Appearance of Franchised Business.

(1) Franchisee agrees that it will not use the Franchised Business or any part of the Site (including any parking area and any adjacent location with a common entrance) for any purpose other than operating a Sandbox VR Business in compliance with this Agreement. Franchisee must place or display at the Site (interior and exterior) only those signs, logos and display and advertising materials that Franchisor periodically requires or authorizes during the Term. Franchisee further agrees to maintain the condition and appearance of the Franchised Business, its Operating Assets and the Site (including any parking area) in accordance with Franchisor's System Standards. Without limiting that obligation, Franchisee agrees to take, without limitation, the following actions during the Term at its expense: (a) thorough cleaning, repainting and redecorating of the interior and exterior of the Site at intervals that Franchisor may periodically designate and at Franchisor's direction; (b) interior and exterior repair of the Site as needed; and (c) repair or replacement, at Franchisor's direction, of damaged, worn-out or obsolete Operating Assets at intervals that Franchisor may periodically specify (or, if Franchisor does not

specify an interval for replacing any Operating Asset, as that Operating Asset needs to be repaired or replaced).

(2) In addition to Franchisee's obligations in Subsection (1) above, not more than once every five (5) years during the Term, Franchisor may require Franchisee to substantially alter the Franchised Business's and the Site's appearance, branding, layout and/or design, and/or replace a material portion of the Operating Assets, in order to meet Franchisor's then current requirements for new similarly situated Sandbox VR Businesses. Franchisee acknowledges that this obligation could result in its making extensive structural changes to, and significantly remodeling and renovating, the Franchised Business, and/or in its spending substantial amounts for new Operating Assets, and Franchisee agrees to incur any capital expenditures required in order to comply with this obligation and Franchisor's requirements. Franchisor will provide Franchisee with test fit layouts in connection with such renovations at no additional cost to Franchisee. Within sixty (60) days after receiving written notice from Franchisor, Franchisee must have plans prepared according to the standards and specifications Franchisor prescribes and, if Franchisor requires, using the development companies and contractors Franchisor approves, and Franchisee must submit those plans to Franchisor for its approval. Franchisee must complete all work according to the plans Franchisor approves within the time period that Franchisor reasonably specifies. However, nothing in this paragraph in any way limits Franchisee's obligation to comply with all mandatory System Standards that Franchisor periodically specifies.

(3) Franchisor may from time to time require Franchisee to offer an upgrade of a current Experience that is to be operated on updated hardware; provided, however, that Franchisor will continue to support that Experience on existing hardware until at least the twelve (12)-month anniversary of its acquisition, at which point Franchisee must acquire the updated hardware, and Franchisor will discontinue Franchisee's ability to provide the Experience with the old hardware. Franchisee shall not modify, overhaul, recondition, refurbish, replicate, revamp, or reverse engineer, in any fashion, any of the proprietary software or any of the virtual reality equipment.

6.B. Products and Services the Franchised Business Offers. Franchisee agrees that: (1) the Franchised Business must offer all products (including items for retail sale) and services that Franchisor periodically specifies as being mandatory, including the Experiences; (2) Franchisee may not offer, sell, or otherwise provide at the Franchised Business, the Site or any other location any products or services that Franchisor has not authorized; (3) Franchisee must discontinue offering, selling or otherwise providing any products or services that Franchisor at any time disapproves in writing; and (4) Franchisee may not offer products or services through remote distribution or from any location other than the Site, unless required or otherwise approved by Franchisor.

6.C. Approved Products, Distributors and Suppliers.

(1) Franchisor reserves the right to periodically designate and approve standards, specifications, suppliers and/or distributors of the Operating Assets and other products and services that Franchisor periodically authorizes for use at or sale by the Franchised Business. During the Term Franchisee must purchase or lease all Operating Assets and other products and services for the Franchised Business only according to the System Standards and, if Franchisor requires, only from suppliers or distributors that Franchisor designates or approves (which may include or be limited to Franchisor or its

affiliates). Without limiting the generality of the foregoing, Franchisee must purchase the Sandbox VR Start-Up Equipment Package from Franchisor, its affiliates, or another designated supplier.

(2) Franchisor and/or its affiliates may derive revenue based on Franchisee's purchases and leases, including from charging Franchisee for products and services that Franchisor or its affiliates provide to Franchisee and from promotional allowances, volume discounts and other payments made to Franchisor by suppliers and/or distributors that it designates or approves for some or all of its franchisees. Franchisor and its affiliates may use all amounts received from suppliers and/or distributors, whether or not based on Franchisee's or other franchisees' actual or prospective dealings with them, without restriction for any purposes Franchisor or its affiliates deem appropriate.

(3) If Franchisee wants to use any Operating Assets or other products or services for or at the Franchised Business that Franchisor has not yet evaluated, or purchase or lease any Operating Assets or other products or services from a supplier or distributor that Franchisor has not yet approved (for Operating Assets or other products and services that Franchisor requires Franchisee to purchase only from designated or approved suppliers or distributors), Franchisee first must submit sufficient information, specifications and samples for Franchisor to determine whether the product or service complies with Franchisor's standards and specifications and/or the supplier or distributor meets Franchisor's criteria. For each supplier, distributor, or product Franchisee submits for Franchisor's review, Franchisee must pay Franchisor an amount not to exceed the reasonable cost of the inspection and Franchisor's actual costs of testing the proposed product or evaluating the proposed service or service provider, including personnel and travel costs, whether or not the item, supplier or service is approved. Franchisor may condition its approval of a supplier or distributor on requirements relating to product quality, prices, consistency, warranty, reliability, financial capability, labor relations, customer relations, frequency of delivery, concentration of purchases, standards of service (including prompt attention to complaints) and/or other criteria. Franchisor has the right to inspect the proposed supplier's or distributor's facilities and to require the proposed supplier or distributor to deliver product or other samples, at its option, either directly to Franchisor or to any independent laboratory that Franchisor designates for testing. Franchisor reserves the right periodically to re-inspect the facilities, products and services of any approved supplier or distributor and to revoke its approval of any supplier, distributor, product or service that does not continue to meet its criteria. Notwithstanding the foregoing, Franchisee agrees that Franchisor may limit the number of approved suppliers with whom Franchisee may deal, designate sources that Franchisee must use, and/or refuse any of Franchisee's requests for any reason, including if Franchisor has already designated an exclusive source (which might be its affiliate) for the applicable product or service or if Franchisor believes that doing so is in the best interests of the Sandbox VR Business network.

6.D. Experiences. If, at any time during the Term, Franchisee fails to operate any Experience in accordance with Franchisor's specifications and standards, Franchisor may, without limiting its other rights and remedies under this Agreement, terminate Franchisee's right to operate such Experience. Franchisor's exercise of this right will not constitute an actual or constructive termination of this Agreement, nor will it be Franchisor's sole or exclusive remedy for Franchisee's default.

6.E. Customer Services. Franchisor or one or more of its affiliates or designees may provide certain customer services for the Franchised Business, which may include the Reservation Operating Platform (defined below), a back-of-house customer service center, and remote payment processing (as Franchisor may periodically modify them, collectively, the "**Customer Services**"), for which Franchisor or its affiliate or designee may charge Franchisee fees. "**Reservation Operating Platform**" means any customer reservation and ticketing processes that Franchisor periodically specifies in which all or certain Sandbox VR Businesses participate, including a proprietary web-based system and online reservation and ticketing platform call-center app-based reservation and ticketing processes, email and software subscriptions, and any other program or system that Franchisor may periodically specify. Franchisee agrees to accept all tickets and fulfill all reservations that the Franchised Business receives through the Reservation Operating Platform in accordance with this Agreement and all applicable System Standards to the maximum extent the law allows. Franchisor may periodically modify any Customer Services, the Reservation Operating Platform, including the services provided, and may periodically stop providing any or all Customer Services and/or Reservation Operating Platform access or services upon notice to Franchisee. Without limiting the generality of this Section, as of the Agreement Date, Franchisee must subscribe to Franchisor's online reservation and ticketing program and pay any and all costs that Franchisee incurs relating to that program.

6.F. Compliance with Laws and Good Business Practices. Franchisee must secure and maintain in force throughout the Term all required licenses, permits and certificates relating to the Franchised Business's operation and operate the Franchised Business in full compliance with all applicable laws, ordinances and regulations, including Executive Order 13224 issued by the President of the United States, the USA PATRIOT Act, and any other federal, state, or local law, ordinance, regulation, policy, list or other requirement of any governmental authority addressing or in any way relating to terrorist acts or acts of war ("**Anti-Terrorism Laws**"). Without limiting the foregoing, Franchisee represents and warrants to Franchisor that none of Franchisee's (or its Owners') property or interests is subject to being blocked under, and Franchisee and its Owners otherwise are not in violation of, any Anti-Terrorism Law. The Franchised Business must in all dealings with its customers, prospective customers, suppliers, Franchisor and the public adhere to the highest standards of honesty, integrity, fair dealing and ethical conduct. Franchisee agrees to refrain from any business or advertising practice that might injure Franchisor's business or reputation or the goodwill associated with the Marks or other Sandbox VR Businesses. Franchisee must notify Franchisor in writing within five (5) days of: (1) the commencement of any action, suit or proceeding relating to the Franchised Business; (2) the issuance of any order, writ, injunction, award or decree of any court, agency or other governmental instrumentality which might adversely affect Franchisee's operation or financial condition or that of the Franchised Business; and (3) any notice of violation or alleged violation of any law, ordinance or regulation relating to the Franchised Business.

6.G. Insurance. During the Term Franchisee must maintain in force at Franchisee's sole expense the insurance coverage for the Franchised Business in the amounts, covering the risks, and containing only the exceptions and exclusions that Franchisor periodically specifies for similarly situated Sandbox VR Businesses. All of Franchisee's insurance carriers must be rated A+ or higher by A.M. Best and Company, Inc. (or such similar criteria as Franchisor periodically specifies). These insurance policies must be in effect on or before the deadlines Franchisor specifies. All coverage must be on an "occurrence" basis, except for employment practices liability insurance coverage, which is on a "claims made" basis. All policies shall apply on a primary and non-contributory basis to any other insurance or self-insurance that Franchisor or its affiliates maintain. All coverage must provide for waiver of subrogation in favor of Franchisor and

its affiliates. Franchisor may, upon at least sixty (60) days' notice to Franchisee, periodically increase the amounts of coverage required and/or require different or additional insurance coverage at any time to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards or other relevant changes in circumstances. All insurance policies must name Franchisor and any affiliates it designates as an additional insured and provide for thirty (30) days' prior written notice to Franchisor of a policy's material modification or cancellation. Franchisee agrees periodically to send Franchisor a valid certificate of insurance or duplicate insurance policy evidencing that Franchisee has maintained the required coverage and paid the applicable premiums. If Franchisee fails to obtain or maintain (or to prove that it has obtained or maintained) the insurance Franchisor specifies, in addition to its other remedies, Franchisor may (but need not) obtain such insurance for Franchisee and the Franchised Business on Franchisee's behalf, in which event Franchisee shall cooperate with Franchisor and reimburse Franchisor for all premiums, costs and expenses it incurs in obtaining and maintaining the insurance.

6.H. Compliance With System Standards. Franchisee acknowledges and agrees that operating and maintaining the Franchised Business according to System Standards, as Franchisor may periodically modify and supplement them, are essential to preserve the goodwill of the Marks and all Sandbox VR Businesses. Therefore, Franchisee agrees at all times to operate and maintain the Franchised Business according to each and every System Standard, as Franchisor periodically modifies and supplements them. System Standards may (except as specifically set forth below) regulate any aspect of the Franchised Business's development, operation and maintenance, including any one or more of the following:

(1) sales, marketing, advertising, promotional and public relations programs and materials for the Franchised Business and media used in these programs, including participation in and compliance with the requirements of any special advertising, marketing, promotional and public relations programs that Franchisor periodically specifies in which all or certain Sandbox VR Businesses participate, such as standards for participating in charitable and public relations programs, as Franchisor periodically modifies them;

(2) standards, requirements and procedures for participating in, and accepting and fulfilling reservations through, the Reservation Operating Platform;

(3) the design and appearance of the Franchised Business and its Operating Assets, including the Franchised Business's branding and cleanliness and the placement, maintenance, repair and replacement of equipment;

(4) minimum and required standards and specifications for products, equipment, materials, supplies and services the Franchised Business uses and/or sells;

(5) participation in and requirements for group purchasing programs for certain Operating Assets and/or other products and services that Sandbox VR Businesses use or sell;

(6) maximum, minimum or other pricing requirements for products and services that the Franchised Business offers, including requirements for promotions, special offers and discounts in which some or all Sandbox VR Businesses participate, in each case to the maximum extent the law allows, including requirements for informing Franchisor of all prices charged for the products, services, and Experiences at the Franchised Business;

(7) requirements for training, qualifications, conduct and appearance of personnel, and format and use of materials and supplies (including display of the Marks thereon);

(8) participation in market research and test programs that Franchisor periodically requires or approves concerning various aspects of the Franchise System, including new or updated procedures, systems, equipment, signs, trade dress, supplies, marketing materials and strategies, merchandising strategies, products and services;

(9) issuing and honoring gift certificates, gift cards, memberships, subscriptions, stored value cards and similar items and participating in other promotions, including any customer loyalty programs and promotions and procedures for resolving customer complaints that Franchisor periodically specifies;

(10) accepting credit and debit cards and other payment systems, including through the Computer System;

(11) maintaining the number of telephone lines prescribed by Franchisor;

(12) maintaining the number and placement of security cameras prescribed by Franchisor;

(13) implementing changes, modifications and additions to the Franchise System as prescribed by Franchisor from time to time; and

(14) any other aspects of developing, operating and maintaining the Franchised Business that Franchisor determines to be useful to preserve or enhance the efficient operation, image or goodwill of the Marks and Sandbox VR Businesses.

Franchisee acknowledges that Franchisor's periodic modification of Franchisor's System Standards (including to accommodate changes to the Computer System and the Marks), which may accommodate regional and/or local variations, may obligate Franchisee to invest additional capital in the Franchised Business and incur higher operating costs, and Franchisee agrees to comply with those obligations within the time period Franchisor specifies. Although Franchisor retains the right to establish and periodically modify the Franchise System and System Standards that Franchisee has agreed to follow, Franchisee retains the responsibility for the day-to-day management and operation of the Franchised Business and implementing and maintaining System Standards at the Franchised Business.

Franchisor and Franchisee agree that any materials, guidance or assistance that Franchisor provides with respect to the terms and conditions of employment for Franchisee's employees, employee hiring, firing and discipline, and similar employment-related policies or procedures, whether in the Operations Manual or otherwise, are solely for Franchisee's optional use. Those materials, guidance and assistance do not form part of the mandatory System Standards. Franchisee will determine to what extent, if any, these materials, guidance or assistance should apply to the Franchised Business's employees. Franchisee acknowledges that Franchisor does not dictate or control labor or employment matters for franchisees and their employees and will not be responsible for the safety and security of Franchisee's employees or patrons. Franchisee is solely responsible for determining the terms and conditions of employment for all the Franchised Business's employees, for all decisions concerning the hiring, firing and

discipline of Franchisee's employees, and for all other aspects of the Franchised Business's labor relations and employment practices.

6.I. Customer Waivers. Franchisee must ensure that each customer signs a waiver before participating in any activities at the Franchised Business. All signed waivers are deemed to be Franchisor's Confidential Information and must be kept on the Computer System in the manner Franchisor designates. Franchisee must, at its expense and subject to Franchisor's approval, develop a form of waiver that complies with all applicable laws.

6.J. Customer Complaints and Resolution. If Franchisee receives a material complaint from a customer, Franchisee must respond to the complaint and provide Franchisor with a copy of the complaint within forty-eight (48) hours. If Franchisor believes that Franchisee is not satisfactorily handling the complaint, Franchisor may assist in resolving such complaint. Resolution of the complaint may require Franchisee to provide a full refund to the customer and may include other remedies. If Franchisor assists Franchisee in resolving a complaint, Franchisee must reimburse Franchisor's expenses related to such assistance. If Franchisee receives more than three (3) complaints in any month related to poor gaming experiences and/or poor customer service, and Franchisee fails to resolve these complaints to Franchisor's satisfaction, Franchisor may, without limiting its other rights and remedies under this Agreement, send one (1) or more trainers, at Franchisee's expense, to provide on-site training and assistance or to provide technical support (if the complaints arise due to technical issues).

6.K. Mystery Shopper Service. Franchisor may designate an independent evaluation service to conduct a "mystery shopper" quality control and evaluation program with respect to Sandbox VR Businesses. Franchisee agrees that the Franchised Business will participate in the mystery shopper program, and Franchisee will pay all related fees.

6.L. Modification of Franchise System. Franchisor reserves the right to vary the Franchise System and/or System Standards for any Sandbox VR Business or group of Sandbox VR Businesses based upon the peculiarities of any conditions or factors that Franchisor considers important to its operations. Franchisee has no right to require Franchisor to grant Franchisee a similar variation or accommodation.

7. Marketing.

7.A. Grand Opening Marketing Program. Franchisee agrees, at its expense, to implement a grand opening marketing program for the Franchised Business in accordance with the requirements in the Operations Manual and other System Standards. At least ninety (90) days before the Franchised Business's planned Opening Date, Franchisee must prepare and submit to Franchisor for its approval a proposed grand opening marketing program that covers a period before and after the Opening Date that Franchisor specifies and contemplates spending at least Twenty Thousand Dollars ($20,000). Franchisee must implement the approved grand opening marketing program and, if required by Franchisor, Franchisee must provide evidence to Franchisor of Franchisee's approved program expenditures.

7.B. Brand Development Fund. Franchisor administers and controls a marketing and Brand Development Fund (the "**Brand Development Fund**") for the advertising, marketing, promotional, customer relationship management, public relations and other brand-related programs and materials for all or a group of Sandbox VR Businesses that Franchisor periodically deems appropriate. Franchisee agrees to pay Franchisor the Brand Development Fund Contribution each month.

Franchisor has the right to designate and direct all programs that the Brand Development Fund finances, with sole control over the creative and business concepts, materials and endorsements used and their geographic, market and media placement and allocation. The Brand Development Fund may pay for preparing, producing and placing video, audio and written materials, electronic media and Social Media (defined in Section 7.I); developing, maintaining and administering one or more System Websites, including the Reservation Operating Platform, online sales and customer retention programs, mobile applications, and other technologies used to reach customers and potential customers; developing, maintaining and administering the Customer Services; administering national, regional, multi-regional and local marketing, advertising, promotional and customer relationship management programs, including purchasing trade journal, direct mail, Internet and other media advertising and using advertising, promotion, and marketing agencies and other advisors to provide assistance; and supporting public and customer relations, market research, and other advertising, promotion, marketing and brand-related activities. The Brand Development Fund also may reimburse Sandbox VR Business operators (including Franchisor and/or its affiliates) for expenditures consistent with the Brand Development Fund's purposes that Franchisor periodically specifies. Franchisor also may implement programs that could be financed by the Brand Development Fund, but choose to have them financed through other means, such as direct payments by Franchisee and other participating Sandbox VR Business operators.

Franchisor will account for the Brand Development Fund separately from Franchisor's other funds and not use the Brand Development Fund to pay any of Franchisor's general operating expenses, except to compensate Franchisor and its affiliates for the reasonable salaries, administrative costs, travel expenses, overhead and other costs Franchisor and they incur in connection with activities performed for the Brand Development Fund and its programs, including conducting market research, preparing advertising and marketing materials, maintaining and administering the System Website and/or Social Media, developing technologies to be used by the Brand Development Fund or its programs, collecting and accounting for Brand Development Fund Contributions, and paying taxes on contributions. The Brand Development Fund is not a trust, and Franchisor does not owe Franchisee fiduciary obligations because of Franchisor's maintaining, directing or administering the Brand Development Fund or any other reason. The Brand Development Fund may spend in any fiscal year more or less than the total Brand Development Fund Contributions in that year, borrow from Franchisor or others (paying reasonable interest) to cover deficits, or invest any surplus for future use. Franchisor will use all interest earned on Brand Development Fund Contributions to pay costs before using the Brand Development Fund's other assets. Franchisor will prepare an annual, unaudited statement of Brand Development Fund collections and expenses and give Franchisee the statement upon written request. Franchisor may have the Brand Development Fund audited periodically at the Brand Development Fund's expense by an independent accountant Franchisor selects. Franchisor may incorporate the Brand Development Fund or operate it through a separate entity whenever Franchisor deem appropriate. The successor entity will have all of the rights and duties specified in this Section 7.B.

Franchisor intends the Brand Development Fund to maximize recognition of the Marks and patronage of Sandbox VR Businesses. Although Franchisor will try to use the Brand Development Fund to develop and/or implement advertising and marketing materials and programs and for other uses (consistent with this Section 7.B) that will benefit all or certain contributing Sandbox VR Businesses, Franchisor need not ensure that Brand Development Fund expenditures in or affecting any geographic area are proportionate or equivalent to the Brand Development Fund Contributions from Sandbox VR Businesses operating in that geographic area, or that any Sandbox VR Business benefits directly or in proportion to the Brand

Development Fund Contributions that it makes. Franchisor has the right, but no obligation, to use collection agents and institute legal proceedings at the Brand Development Fund's expense to collect Brand Development Fund Contributions. Franchisor also may forgive, waive, settle and compromise all claims by or against the Brand Development Fund. Except as expressly provided in this Section 7.B, Franchisor assumes no direct or indirect liability or obligation to Franchisee for maintaining, directing or administering the Brand Development Fund.

Franchisor may at any time defer or reduce a Sandbox VR Business operator's contributions to the Brand Development Fund and, upon at least thirty (30) days' written notice to Franchisee, reduce or suspend Brand Development Fund Contributions and/or operations for one or more periods of any length and terminate (and, if terminated, reinstate) the Brand Development Fund. If Franchisor terminates the Brand Development Fund, Franchisor will (at its option) either spend the remaining Brand Development Fund assets in accordance with this Section 7.B or distribute the unspent assets to Sandbox VR Business operators (including Franchisor and its affiliates, if applicable) then contributing to the Brand Development Fund in proportion to their contributions during the preceding twelve (12)-month period.

7.C. Local Marketing. Franchisee agrees at its expense to participate in the manner Franchisor periodically specifies in all advertising, marketing, promotional, customer relationship management, public relations and other brand-related programs that Franchisor periodically designates for the Franchised Business. Franchisee must ensure that all of its advertising, marketing, promotional, customer relationship management, public relations and other brand-related programs and materials that Franchisee or its agents or representatives develop or implement relating to the Franchised Business (collectively, "**Local Marketing**") is completely clear, factual and not misleading, complies with all applicable laws and regulations, and conforms to the highest ethical standards and the advertising and marketing policies that Franchisor periodically specifies. Before using them, Franchisee agrees to send to Franchisor, for its approval, descriptions and samples of all proposed Local Marketing that Franchisor has not prepared or previously approved within the preceding six (6) months. If Franchisee does not receive written notice of approval from Franchisor within five (5) business days after Franchisor receives the materials, they are deemed disapproved. Franchisee may not conduct or use any Local Marketing that Franchisor has not approved or has disapproved. At Franchisor's option, Franchisee must contract with one or more suppliers that Franchisor designates or approves to develop and/or implement Local Marketing. Franchisor assumes no liability to Franchisee or any other party due to its specifying any programs or materials or its approval or disapproval of any Local Marketing. Franchisee must spend at least a minimum amount on Local Marketing, as periodically determined by Franchisor, subject to the Marketing Spending Requirement (defined in Section 7.E.). As of the Agreement Date, each month Franchisee must spend at least one percent (1%) of the Gross Sales of the Franchised Business on Local Marketing.

7.D. Advertising Cooperatives. Franchisor may designate a geographic area in which two (2) or more Sandbox VR Businesses are located as an area for an advertising or marketing cooperative (a "**Cooperative**"). The Cooperative's members in any area are the owners of all of the Sandbox VR Businesses located and operating in that area (including Franchisor and its affiliates, if applicable) that Franchisor has the right to require to participate in the Cooperative. Each Cooperative will be organized and governed in a form and manner, and begin operating on a date, that Franchisor determines. Franchisor may change, dissolve and merge Cooperatives. Each Cooperative's purpose is, with Franchisor's approval, to develop, administer or implement advertising, marketing and promotional materials and programs for the area that the Cooperative covers. If, as of the Agreement Date, Franchisor has established a Cooperative for the geographic area in which the Franchised Business is located, or if Franchisor establishes a

Cooperative in that area during the Term, Franchisee agrees to sign the documents that Franchisor requires to become a member of the Cooperative and to participate in the Cooperative as those documents require. Franchisee agrees to contribute to the Cooperative the amounts that the Cooperative determines, subject to Franchisor's approval and the Marketing Spending Requirement.

All material decisions of the Cooperative, including contribution levels (which also require Franchisor's approval), will require the affirmative vote of more than fifty percent (50%) of all Sandbox VR Businesses that are required to participate in the Cooperative (including, if applicable, those operated by Franchisor or its affiliate), with each Sandbox VR Business receiving one (1) vote. Franchisee agrees to send Franchisor and the Cooperative any reports that Franchisor or the Cooperative periodically requires. The Cooperative will operate solely to collect and spend Cooperative contributions for the purposes described above. The Cooperative and its members may not use any advertising, marketing or promotional programs or materials that Franchisor has not approved.

7.E. Marketing Spending Requirement. The "**Marketing Spending Requirement**" is the maximum amount that Franchisor can require Franchisee to spend on Brand Development Fund Contributions, Cooperative contributions, and approved Local Marketing for the Franchised Business during each calendar month, and is an amount Franchisor periodically specifies not to exceed ten percent (10%) of the Franchised Business's Gross Sales during that calendar month. Although Franchisor may not require Franchisee to spend more than the Marketing Spending Requirement on Brand Development Fund Contributions, Cooperative contributions and approved Local Marketing for the Franchised Business during any calendar month, Franchisee may choose to do so. Franchisor will not count towards Franchisee's Marketing Spending Requirement the cost of free or discounted products or services, coupons, special offers or price reductions that Franchisee provides as a promotion, signs, personnel salaries, administrative costs, employee incentive programs, or other amounts that Franchisor, in its reasonable judgment, deems inappropriate for meeting the Marketing Spending Requirement. Franchisor may periodically review Franchisee's books and records and require Franchisee to submit reports periodically to determine its Cooperative contributions and Local Marketing expenses. If Franchisee fails to spend (or prove that it spent) the Marketing Spending Requirement in any month, then Franchisor may, in addition to and without limiting its other rights and remedies, require Franchisee to pay Franchisor the shortfall as an additional Brand Development Fund Contribution or to pay Franchisor the shortfall for Franchisor to spend on Local Marketing for the Franchised Business.

7.F. Testimonials and Endorsements. Subject to applicable laws, Franchisor and/or its designee may communicate with customers of the Franchised Business to obtain testimonials regarding and/or endorsements of the Franchised Business and other Sandbox VR Businesses and the products and services offered by those businesses, which Franchisor may use without compensating Franchisee.

7.G. Online Marketing by Franchisor. Franchisor or one or more of its affiliates or designees will perform certain online services to promote the Marks and the Sandbox VR Businesses, as determined by Franchisor in its sole discretion. Such services may include establishing and operating websites, social media accounts (such as Facebook, Twitter, Instagram, Pinterest, etc.), applications, keyword or adword purchasing programs (such as Google ads), or other means of digital advertising on the Internet or any electronic communications network.

7.H. System Website. Franchisor or one or more of its designees may establish a website or series of websites, other electronic or technology-based platforms or electronic, digital, or virtual means or media, or similar technologies, including mobile applications, gameplay, social media pages, the metaverse(s), and other technological advances that perform functions similar to those performed on traditional websites, whether existing as of the Agreement Date or developed thereafter, for the Sandbox VR Business network to advertise, market and promote Sandbox VR Businesses, the products and services they offer, and the Sandbox VR Business franchise opportunity; to facilitate the operations of Sandbox VR Businesses (including, at Franchisor's option, online ordering, reservations and/or sales); and/or for any other purposes that Franchisor determines is appropriate for Sandbox VR Businesses (those websites, applications and other technological advances, including the Reservation Operating Platform, are collectively called the "**System Website**"). If Franchisor includes information about the Franchised Business on the System Website, then Franchisee agrees to give Franchisor the information and materials that Franchisor periodically requests concerning the Franchised Business and otherwise participate in the System Website in the manner that Franchisor periodically specifies. Franchisor has the final decision concerning all information and functionality that appears on the System Website and will update or modify the System Website according to a schedule that Franchisor determines. By posting or submitting to Franchisor information or materials for the System Website, Franchisee is representing to Franchisor that the information and materials are accurate and not misleading and do not infringe any third party's rights. Franchisee must notify Franchisor whenever any information about Franchisee or the Franchised Business on the System Website changes or is not accurate.

Franchisor owns all intellectual property and other rights in the System Website and all information it contains, including the domain name or URL for the System Website and all subsidiary websites, the log of "hits" by visitors, and any personal or business data that visitors (including Franchisee, its personnel and its customers) supply. Franchisor may use the Brand Development Fund's assets to develop, maintain, support and update the System Website. Franchisor may implement and periodically modify System Standards relating to the System Website and, at Franchisor's option, may discontinue all or any part of the System Website, or any services offered through the System Website, at any time. If Franchisor and/or its affiliates sell or lease virtual goods, services or other items on the System Website and/or any other electronic or technology-based platform (including websites, mobile applications, Experiences, gameplay, social media pages, the metaverse(s), or any other electronic, digital or virtual means or medium, whether in existence as of the Agreement Date or developed thereafter), Franchisor and/or its affiliates (as applicable) reserve the right to collect all revenue from such sales and leases directly from the purchaser or lessee, as applicable. Franchisor and its affiliates shall have no obligation to provide Franchisee with any compensation in connection with such sales or leases, regardless of whether the purchaser or lessee is located in or makes the purchase or lease from within the Territory or any Franchised Business.

All Local Marketing that Franchisee develops for the Franchised Business must contain notices of the System Website in the manner that Franchisor periodically designates. Franchisee may not develop, maintain or authorize any other website, other online presence or other electronic medium (such as mobile applications, kiosks and other interactive properties or technology-based programs) that mentions or describes Franchisee, the Franchised Business or its products or services or that displays any of the Marks. Except for the System Website (if applicable), Franchisee may not conduct commerce or directly or indirectly offer or sell any products or services using any website, another electronic means or medium, or otherwise over the Internet or using any other technology-based program without Franchisor's approval.

Nothing in this Section 7.H shall limit Franchisor's right to maintain websites and technologies, whether existing as of the Agreement Date or developed thereafter, other than the System Website or to offer and sell or lease products or services under the Marks from the System Website, another website or technology, whether existing as of the Agreement Date or developed thereafter, or otherwise over the Internet (including to the Franchised Business's customers and prospective customers) without payment or obligation of any kind to Franchisee.

7.I. Social Media. Franchisee agrees to comply with Franchisor's policies and requirements (as Franchisor periodically modifies them) concerning blogs, common social networks like Facebook, professional networks like LinkedIn, live-blogging tools like Twitter, virtual worlds, file, audio and video sharing sites or applications like Pinterest, Instagram, and TikTok, and other similar social networking or media sites or tools (collectively, "**Social Media**") that in any way reference the Marks or involve the Franchised Business. Franchisee acknowledges that these policies may involve prohibitions on Franchisee's and its representatives' use of Social Media in connection with the Marks or the Franchised Business.

7.J. Intranet. Franchisor may establish and maintain an internal network (the "**Intranet**") through which franchisees may communicate with each other, and Franchisor may provide the Operations Manual and other components of Franchisor's Confidential Information. Franchisor may discontinue the Intranet at any time. Franchisee shall comply with Franchisor's policies and procedures for the Intranet's use. Franchisee shall at its expense ensure that it has the necessary equipment to access the Intranet.

8. Records, Reports and Financial Statements.

Franchisee agrees to establish and maintain at its own expense a bookkeeping, accounting and recordkeeping system conforming to the requirements and formats that Franchisor periodically specifies. Franchisor may require Franchisee to use the Computer System to maintain certain sales and expense data, financial statements, Customer Data and other information, in the formats that Franchisor periodically specifies, and to transmit that data and information to Franchisor on a schedule that Franchisor periodically specifies. At Franchisor's option, the Computer System must allow Franchisor and/or its designee unlimited, independent access to, and the ability to download, all information in the Computer System at any time, other than records relating to labor relations and employment practices for employees of the Franchised Business (collectively, "**Employment Records**").

Franchisee also agrees to give Franchisor in the manner and format that Franchisor periodically specifies:

(a) on or before the Payment Day of each month, a report on the Franchised Business's Gross Sales and Content Revenue during the previous month;

(b) within fifteen (15) days after the end of each month, monthly and year-to-date profit and loss and source and use of funds statements and a balance sheet for the Franchised Business as of the end of the previous month; and

(c) within fifteen (15) days after Franchisor's request, exact copies of federal and state income and other tax returns and any other forms, records, reports and other information that Franchisor periodically requires relating to the Franchised Business or Franchisee, other than Employment Records.

Franchisee agrees to certify or validate each report and financial statement in the manner that Franchisor periodically specifies. Franchisor may disclose data derived from these reports, including by creating and circulating reports on the financial results of the Franchised Business and/or some or all other Sandbox VR Businesses to other Sandbox VR Business owners and prospective franchisees.

Franchisee agrees to preserve and maintain all records in a secure location at the Franchised Business or other safe location during the Term and for at least five (5) years afterward. If Franchisor determines that Franchisee has failed to comply with Franchisee's reporting or payment obligations under this Agreement, including by submitting any false reports, Franchisor may require Franchisee to have audited financial statements prepared annually by a certified public accountant at Franchisee's expense during the remaining Term, in addition to Franchisor's other remedies and rights under the Agreement and applicable law.

9. Inspections, Evaluations and Audits.

9.A. Inspections and Evaluations. To determine whether Franchisee and the Franchised Business are complying with this Agreement and all System Standards, Franchisor and its designated agents and representatives may at all times, and without prior notice to Franchisee: (a) inspect the Franchised Business and any aspect of its operations; (b) examine and copy the Franchised Business's business, bookkeeping and accounting records, tax records and returns, and other records and documents (other than Employment Records); (c) observe, videotape or otherwise monitor and/or evaluate (or have Franchisee or a third party observe, videotape or otherwise monitor and/or evaluate), whether on-premises or remotely, the Franchised Business's operation, including both disclosed and undisclosed or so-called "mystery shopping" evaluations of the Franchised Business's operations, for consecutive or intermittent periods Franchisor deems necessary; (d) remove any products for testing and analysis (without compensation to Franchisee for such samples); (e) inspect and remove any marketing materials from the Franchised Business (without paying for such materials); (f) have independent access to the Franchised Business's security camera system and archival footage therefrom; and (g) discuss matters with the Franchised Business's personnel, customers and prospective customers. Franchisee agrees to cooperate with Franchisor and its designated agents and representatives fully. If Franchisor exercises any of these rights, Franchisor will use commercially reasonable efforts not to interfere unreasonably with the Franchised Business's operation. Franchisee agrees that Franchisee's failure to achieve the minimum quality scores (as described in the Operations Manual) or otherwise satisfy Franchisor's System Standards in any quality assurance inspection or evaluation conducted with respect to the Franchised Business is a default under this Agreement. Without limiting Franchisor's other rights and remedies under this Agreement, Franchisee agrees promptly to correct at its expense all failures to comply with this Agreement (including any System Standards) that Franchisor's inspectors note within the time period Franchisor specifies following Franchisee's receipt of Franchisor's notice, which might include Franchisee's personnel completing additional training at its expense or Franchisor's conducting additional inspections or evaluations, for which Franchisor may charge Franchisee a reasonable fee.

9.B. Audits. Franchisor may at any time during Franchisee's business hours, and without prior notice to Franchisee, examine the Franchised Business's business, bookkeeping and accounting records, tax records and returns, and other records (other than Employment Records). Franchisee agrees to fully cooperate with Franchisor's representatives and/or any independent accountants Franchisor hires to conduct any such inspection or audit. If any inspection or audit discloses an understatement of the Franchised Business's Gross Sales or

Content Revenue, Franchisee must pay Franchisor, within fifteen (15) days after receiving the inspection or audit report, the Royalties, Experience Fees, Brand Development Fund Contributions and any other amounts due on the amount of the understatement, plus interest (in the amount described in Section 5.F) from the date originally due until the date of payment. If Franchisor reasonably determines that an inspection or audit is necessary due to Franchisee's failure to furnish reports, supporting records or other information as required, or to furnish these items on a timely basis, or if Franchisor's examination reveals a Royalty, Experience Fee, or Brand Development Fund Contribution understatement exceeding two percent (2%) of the amount that Franchisee actually reported to Franchisor for the period examined, Franchisee agrees to reimburse Franchisor for the cost of its examination, including legal fees and independent accountants' fees, plus the travel expenses, room and board, and compensation of Franchisor's employees and representatives. These remedies are in addition to Franchisor's other remedies and rights under this Agreement and applicable law.

10. Marks.

10.A. Ownership and Goodwill of Marks. Franchisee's right to use the Marks is derived only from this Agreement and is limited to Franchisee's operating the Franchised Business according to this Agreement and all System Standards Franchisor implements during the Term. Franchisee's unauthorized use of the Marks is a breach of this Agreement and infringes Franchisor's and its licensor's rights in the Marks. Franchisee's use of the Marks and any goodwill established by that use are for Franchisor's and its licensor's exclusive benefit, and this Agreement does not confer any goodwill or other interests in the Marks upon Franchisee (other than the right to operate the Franchised Business under this Agreement). All provisions of this Agreement relating to the Marks apply to any additional and substitute trademarks and service marks that Franchisor periodically authorizes Franchisee to use. Franchisee may not at any time during or after the Term contest or assist any other person or Entity in contesting the validity, or Franchisor's and its licensor's ownership, of the Marks.

10.B. Limitations on Franchisee's Use of Marks. Franchisee agrees to use the Marks as the Franchised Business's sole identification, subject to Section 10.C. and the notices of independent ownership that Franchisor periodically designates. Franchisee may not use any Mark (1) as part of any corporate or legal business name or tradename, (2) with any prefix, suffix or other modifying words, terms, designs or symbols (other than logos Franchisor has licensed to Franchisee), (3) in selling any unauthorized services or products, (4) as part of any domain name, electronic address, email address, metatag or otherwise in connection with any Social Media, website or other electronic medium without Franchisor's consent, or (5) in any other manner Franchisor has not expressly authorized in writing. Franchisee may not use any Mark in advertising the transfer, sale or other disposition of the Franchised Business or any direct or indirect Ownership Interest in Franchisee without Franchisor's prior written consent, which Franchisor will not unreasonably withhold. Franchisee may not manufacture, use, sell, or distribute, or contract with any party other than Franchisor's or its affiliate's authorized licensees to manufacture, use, sell, or distribute, any products bearing any of the Marks. Franchisee agrees to display the Marks prominently as Franchisor periodically specifies at the Franchised Business and on forms, advertising, supplies, employee uniforms and other materials Franchisor periodically designates. Franchisee agrees to give the notices of trademark and service mark registrations that Franchisor periodically specifies and to obtain any fictitious or assumed name registrations required under applicable law.

10.C. Use of Third-Party Marks. Franchisee shall have the right to use Third-Party Marks in connection with certain Experiences offered at the Franchised Business. Franchisee may use

the Third-Party Marks solely as provided hereunder and in the Manual, and subject to any further requirements and/or specifications set forth by Franchisor or its affiliates. Franchisee shall (1) comply with all terms and conditions applicable to the Third-Party Marks; and (2) be fully responsible and liable to Franchisor and its affiliates (or as the case may be, the relevant owners of the Third-Party Marks) for any non-compliance with such terms and conditions. Franchisee agrees that it shall execute any documentation required by Franchisor or its affiliates (or the relevant owners of the Third-Party Marks) to document Franchisee's use of the Third-Party Marks. Franchisor makes no guarantees, representations, or warranties of any kind, express or implied, regarding the validity, ownership, or use of any Third-Party Marks. As used in this Agreement, "**Third-Party Marks**" means the trademarks, service marks, trade names, trade dress, slogans, emblems, and logos owned by independent third parties, approved by Franchisor for use by Franchisee in connection with the Experiences offered at the Franchised Business, and (A) sub-licensed to Franchisee or to which Franchisee is otherwise authorized to use by Franchisor or its affiliates (pursuant to licenses granted to Franchisor or its affiliates by the relevant owners of the Third-Party Marks); or (B) licensed or provided directly to Franchisee by the relevant owners of the Third-Party Marks.

10.D. Notification of Infringements and Claims. Franchisee agrees to notify Franchisor immediately of any actual or apparent infringement of or challenge to Franchisee's 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 Franchisor, its licensor, and its and its licensor's attorneys, and Franchisee's attorneys, regarding any infringement, challenge or claim. Franchisor or its licensor may take the action that Franchisor or it deems appropriate (including no action) and control exclusively any litigation, U.S. Patent and Trademark Office proceeding or other proceeding arising from any infringement, challenge or claim or otherwise concerning any Mark. Franchisee agrees to sign any documents and take any reasonable actions that, in the opinion of Franchisor's attorneys, are necessary or advisable to protect and maintain Franchisor's and its licensor's interests in any litigation or Patent and Trademark Office or other proceeding or otherwise to protect and maintain Franchisor's and its licensor's interests in the Marks. At its option, Franchisor or its licensor may defend and control the defense of any litigation or proceeding relating to any Mark.

10.E. Discontinuance of Use of Marks. If Franchisor believes at any time that it is advisable for Franchisor and/or Franchisee to modify or discontinue using any Mark and/or use one or more additional or substitute trademarks or service marks, Franchisee agrees to comply with Franchisor's directions within a reasonable time after receiving notice. Franchisor need not reimburse Franchisee for its expenses in complying with these directions (such as costs Franchisee incurs in changing the Franchised Business's signs or replacing supplies), for any loss of revenue due to any modified or discontinued Mark, or for Franchisee's expenses of promoting a modified or substitute trademark or service mark.

10.F. Indemnification for Use of Marks. Franchisor agrees to reimburse Franchisee for all damages and expenses Franchisee incurs or for which Franchisee is liable in any proceeding challenging Franchisee's right to use any Mark under this Agreement, provided Franchisee's use has been consistent with this Agreement, the Operations Manual and System Standards and Franchisee has timely notified Franchisor of, and comply with Franchisor's directions in responding to, the proceeding.

11. Confidential Information, Customer Data and Innovations.

11.A. Confidential Information. Franchisor and its affiliates possess (and will continue to develop and acquire) certain confidential information relating to the development and operation of Sandbox VR Businesses (the "**Confidential Information**"), including:

(1) development plans and site selection criteria for Sandbox VR Businesses;

(2) methods, formats, specifications, including the Design Specs, standards, systems, procedures, sales and marketing techniques, knowledge and experience used in locating, designing, developing, constructing, equipping, decorating and operating Sandbox VR Businesses;

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

(4) knowledge of specifications for and suppliers of, and methods of ordering, certain Operating Assets and other products that Sandbox VR Businesses use and/or sell;

(5) knowledge of the operating results and financial performance of Sandbox VR Businesses other than the Franchised Business;

(6) knowledge of techniques for pricing the products and services, including tickets for the Experiences, that Sandbox VR Businesses use and/or sell;

(7) training materials and videos;

(8) the Computer System;

(9) the intellectual property to the extent not in the public domain, including all trade secrets;

(10) customer communication and retention programs, along with data used or generated in connection with those programs, including Customer Data; and

(11) any other information Franchisor reasonably designates from time to time as confidential or proprietary.

Franchisee acknowledges and agrees that by entering into this Agreement and/or acquiring the Franchised Business, Franchisee will not acquire any interest in Confidential Information, other than the right to use certain Confidential Information that Franchisor periodically designates in operating the Franchised Business during the Term and according to the System Standards and this Agreement's other terms and conditions, and that Franchisee's use of any Confidential Information in any other business would constitute an unfair method of competition with Franchisor and its franchisees. Franchisor and its affiliates own all right, title and interest in and to the Confidential Information. Franchisee further acknowledges and agrees that the Confidential Information is proprietary, includes Franchisor's trade secrets, and is disclosed to Franchisee only on the condition that Franchisee and its Owners agree, and Franchisee and they do agree, that Franchisee and its Owners:

(a) will not use any Confidential Information in any other business or capacity, whether during or after the Term;

(b) will keep the Confidential Information absolutely confidential, both during the Term and thereafter for as long as the information is not in the public domain;

(c) will not make unauthorized copies of any Confidential Information disclosed in written or other tangible or intangible form;

(d) will adopt and implement all reasonable procedures that Franchisor periodically designates to prevent unauthorized use or disclosure of Confidential Information, including restricting its disclosure to personnel of the Franchised Business and others needing to know such Confidential Information to operate the Franchised Business, and using confidentiality agreements with those having access to Confidential Information. Franchisor has the right to regulate the form of agreement that Franchisee uses and to be a third party beneficiary of that agreement with independent enforcement rights; and

(e) will not sell, trade or otherwise profit in any way from the Confidential Information, except during the Term using methods Franchisor approves.

"Confidential Information" does not include information, knowledge or know-how that is or becomes generally known in the virtual reality industry (without violating an obligation to Franchisor or its affiliate) or that Franchisee knew from previous business experience before Franchisor provided it to Franchisee (directly or indirectly) or before Franchisee began training or operating the Franchised Business. If Franchisor includes any matter in Confidential Information, anyone who claims that it is not Confidential Information must prove that the exclusion in this paragraph is fulfilled.

11.B. Customer Data. Franchisee must comply with Franchisor's System Standards, other directions from Franchisor, including Franchisor's then-current privacy policy (available at https://sandboxvr.com/privacy, prevailing industry standards (including payment card industry data security standards), all contracts to which Franchisee is a party or otherwise bound, and all applicable laws and regulations, as any of them may be modified from time to time, regarding the organizational, physical, administrative and technical measures and security procedures to safeguard the confidentiality and security of Customer Data on Franchisee's Computer System or otherwise in Franchisee's possession or control and, in any event, employ reasonable means to safeguard the confidentiality and security of Customer Data. "**Customer Data**" means any information of natural persons (customers) of the Franchised Business, individuals who have expressed an interest in the Franchised Business, marketing recipients, attendees of events in which the Franchised Business partakes, individuals whose personal information is processed on the instruction of and on behalf of Franchisor, and other related persons that relates to, identifies, or can be used to identify (on its own or together with other information), contact, locate, or be traced back to the specific person to whom such information pertains, or from which identification or contact information of an individual person can be derived. "Customer Data" shall include information relating to the devices of the foregoing individuals. If there is a suspected or actual breach of security or unauthorized access involving Franchisee's Customer Data (a "**Data Security Incident**"), Franchisee must notify Franchisor immediately after becoming aware of such actual or suspected occurrence and specify the extent to which Customer Data was compromised or disclosed. Franchisee must comply with Franchisor's instructions in responding to any Data Security Incident. Franchisor has the right, but no obligation, to control the direction

and handling of any Data Security Incident and any related investigation, litigation, administrative proceeding or other proceeding at Franchisee's expense.

Franchisee shall be solely responsible for the costs and expenses relating to the collection, storage, and transfer of Customer Data, and Franchisor will not reimburse Franchisee for any such costs and expenses in connection therewith. Ownership of all Customer Data shall vest and remain vested with Franchisor, or an affiliate of Franchisor designated by Franchisor as the data controller or owner. Franchisee shall implement the technical and organizational measures set forth in the Operations Manual and all necessary physical and digital security measures to (i) safeguard Customer Data and Franchisor's Confidential Information from unauthorized access; (ii) preserve the confidentiality of Customer Data and Franchisor's Confidential Information, including in accordance with this Agreement and the Operations Manual; (iii) protect against any anticipated threats or hazards to the security or integrity of such information; and (iv) detect unauthorized access to or use of such information. Franchisee will promptly notify Franchisor if Franchisee makes a determination that it can no longer meet any of the security measures outlined in this Section 11.B. Franchisee must secure from its vendors, customers, prospective customers and others all consents and authorizations, and provide them all disclosures, that applicable law requires to transmit the Customer Data to Franchisor and its affiliates and for Franchisor and its affiliates to use and own that Customer Data in the manner that this Agreement contemplates.

11.C. Innovations. All ideas, concepts, techniques or materials relating to a Sandbox VR Business (collectively, "**Innovations**"), whether or not protectable intellectual property and whether created by or for Franchisee or its Owners, employees or contractors, must be promptly disclosed to Franchisor and will be deemed to be Franchisor's sole and exclusive property, part of the Franchise System, and works made-for-hire for Franchisor. To the extent any Innovation does not qualify as a work made-for-hire for Franchisor, by this paragraph Franchisee assigns ownership of that Innovation, and all related rights to that Innovation, to Franchisor and agrees to sign (and to cause its Owners, employees and contractors to sign) whatever assignment or other documents Franchisor requests to evidence its ownership or to help Franchisor obtain intellectual property rights in the Innovation. Franchisor and its affiliates have no obligation to make any payments to Franchisee or any other person with respect to any Innovations. Franchisee may not use any Innovation in operating the Franchised Business or otherwise without Franchisor's prior approval.

12. Exclusive Relationship.

Franchisee acknowledges that Franchisor has granted Franchisee the rights under this Agreement in consideration of and reliance upon Franchisee's and its Owners' agreement to deal exclusively with Franchisor in connection with virtual reality experiences. Franchisee therefore agrees that, during the Term, neither Franchisee nor any of its Owners, directors or officers, nor any members of Franchisee's or their Immediate Families (defined below), will:

(a) have any direct or indirect, controlling or non-controlling Ownership Interest – whether of record, beneficial or otherwise – in a Competitive Business (defined below), wherever located or operating, provided that this restriction will not apply to the ownership of shares of a class of securities which are publicly traded on a United States stock exchange representing less than three percent (3%) of the number of shares of that class of securities issued and outstanding;

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

(c) directly or indirectly loan any money or other thing of value to, or guarantee any other person's loan to, or lease any real or personal property to, any Competitive Business (whether directly or indirectly through any owner, director, officer, manager, employee or agent of any Competitive Business), wherever located or operating; or

(d) divert or attempt to divert any actual or potential business or customer of the Franchised Business to another Competitive Business.

The term "**Competitive Business**" means (1) any business engaged in the sale of products and services, now or in the future, that are similar in material respects to those offered by Sandbox VR Businesses (with reference to market segment, target customer, consumer perception, etc.), as they evolve or change over time; or (2) an entity that grants franchises or licenses for any of these types of businesses, other than a Sandbox VR Business operated under a franchise agreement with Franchisor. The term "**Immediate Family**" includes the named individual, his or her spouse, and all minor children of the named individual or his or her spouse.

13. Transfer.

13.A. Transfer by Franchisor. Franchisee represents that it has not signed this Agreement in reliance on any direct or indirect owner's, officer's or employee's remaining with Franchisor in that capacity. Franchisor may change its ownership or form and/or assign this Agreement and any other agreement between Franchisor and Franchisee (or any of Franchisee's owners or affiliates) without restriction. This Agreement and any other agreement will inure to the benefit of any transferee or other legal successor to Franchisor's interest in it. After Franchisor's assignment of this Agreement to a third party who expressly assumes its obligations under this Agreement, Franchisor no longer will have any performance or other obligations under this Agreement. Such an assignment shall constitute a release of Franchisor and novation with respect to this Agreement, and the assignee shall be liable to Franchisee as if it had been an original party to this Agreement.

13.B. Transfer by Franchisee – Defined. Franchisee understands and acknowledges that the rights and duties this Agreement creates are personal to Franchisee (or, if Franchisee is an Entity, to its Owners) and that Franchisor has granted Franchisee the rights under this Agreement in reliance upon Franchisor's perceptions of Franchisee's (or its Owners') individual or collective character, skill, aptitude, attitude, business ability and financial capacity. Accordingly, neither a Control Transfer (defined below) nor a Non-Control Transfer (defined below) may be consummated without Franchisor's prior written approval and satisfying the applicable conditions of this Section 13, subject to Franchisor's right of first refusal under Section 13.H. A transfer of the ownership, possession or control of the Franchised Business or the Operating Assets may be made only with a transfer of this Agreement. Any transfer without Franchisor's approval is a breach of this Agreement and has no effect.

In this Agreement, "**Control Transfer**" means (i) any transfer (as defined below) of this Agreement or any interest in or rights or obligations under this Agreement, or of the Franchised Business or all or substantially all of the Operating Assets; or (ii) any transfer or other transaction, or a series of transfers or other transactions (regardless of the period of time over which they take place), which results in the transfer or creation of a Controlling Ownership Interest in Franchisee,

whether directly or indirectly. "**Controlling Ownership Interest**" means either (x) fifty percent (50%) or more of the direct or indirect Ownership Interests in Franchisee, or (y) any Ownership Interest or other direct or indirect right or interest in Franchisee that provides the right, power or authority, whether alone or together with others, to direct and control Franchisee's management and policies. "**Non-Control Transfer**" means the transfer or creation of any direct or indirect Ownership Interest in Franchisee that is not a Control Transfer.

In this Agreement, the term "**transfer**," whether or not capitalized, includes any voluntary, involuntary, direct or indirect assignment, sale, gift or other disposition and includes the following events, whether they impact Franchisee (or its Owners) directly or indirectly:

(1) transfer of record or beneficial ownership of any Ownership Interest or the right to receive all or a portion of Franchisee's profits or losses or any capital appreciation relating to Franchisee or the Franchised Business (whether directly or indirectly);

(2) a merger, consolidation or exchange of Ownership Interests, or issuance of additional Ownership Interests or securities representing or potentially representing Ownership Interests, or a redemption of Ownership Interests;

(3) any sale or exchange of voting interests or securities convertible to voting interests, or any management agreement or other arrangement granting the right to exercise or control the exercise of the voting rights of any Owner or to control Franchisee's or the Franchised Business's operations or affairs or the rights or responsibilities of the Managing Owner;

(4) transfer of a direct or indirect Ownership Interest or other interest in Franchisee, this Agreement, the Operating Assets, or the Franchised Business in a divorce, insolvency or entity dissolution proceeding, or otherwise by operation of law;

(5) if Franchisee or one of its Owners dies, transfer of a direct or indirect Ownership Interest or other interest in Franchisee, this Agreement, the Operating Assets, or the Franchised Business by will, declaration of or transfer in trust, or under the laws of intestate succession; or

(6) the grant of a mortgage, charge, pledge, collateral assignment, lien or security interest in any Ownership Interest or other interest in Franchisee, this Agreement, the Franchised Business or the Operating Assets; foreclosure upon or attachment or seizure of the Franchised Business or any of its Operating Assets; or Franchisee's transfer, surrender or loss of the possession, control or management of all or any material portion of the Franchised Business (or its operation) or Franchisee.

13.C. Conditions for Approval of Non-Control Transfer. Franchisor will not unreasonably withhold its approval of a Non-Control Transfer if:

(1) Franchisee is then in compliance with all of its obligations under this Agreement and all other agreements with Franchisor or its affiliate;

(2) Franchisee provides Franchisor written notice of the proposed transfer and all information Franchisor reasonably requests concerning the proposed transferee, its direct and indirect owners (if the proposed transferee is an Entity) and the transfer at least thirty (30) days before its effective date;

(3) Franchisee and Managing Owner sign a general release, in a form satisfactory to Franchisor, of any and all claims against Franchisor and its affiliates and its and their respective owners, officers, directors, employees, representatives, agents, successors and assigns;

(4) the proposed transferee and its direct and indirect owners (if the proposed transferee is an Entity) have no direct or indirect Ownership Interest in and do not perform services for a Competitive Business and meet Franchisor's then applicable standards for non-controlling owners of Sandbox VR Business franchisees;

(5) beginning when the transfer closes, Franchisee's transferring Owners agree to comply with Sections 16.B(2), 16.C and 16.D;

(6) Franchisee pays Franchisor a transfer fee of Two Thousand Five Hundred Dollars ($2,500) to partially cover some of Franchisor's costs and expenses incurred in evaluating the transferee and the transfer (in addition to any other transfer or other fees payable under any Development Rights Agreement, other franchise agreement, or other agreement with Franchisor or its affiliate);

(7) Franchisee and its Owners sign the form of agreement and related documents (including Guarantees) that Franchisor then specifies to reflect Franchisee's new ownership structure.

13.D. Conditions for Approval of Control Transfer. Subject to Section 13.H, Franchisor will not unreasonably withhold its approval of a Control Transfer if:

(1) Franchisee and its Owners satisfy the conditions in Sections 13.C(1) through (5);

(2) the transferee (or its direct or indirect owners) and its management personnel, if they are different from Franchisee's management personnel, including any new Managing Owner and General Manager, satisfactorily complete Franchisor's then current initial training program applicable to the individual's position, which at Franchisor's option might include both preliminary training before the transfer's closing and additional training after the transfer's closing;

(3) the transferee (if the transfer is of this Agreement) or Franchisee (if the transfer is of a direct or indirect Ownership Interest in Franchisee) agrees to repair and/or replace the Operating Assets and upgrade the Franchised Business and the Site in accordance with Franchisor's then current requirements and specifications for new similarly situated Sandbox VR Businesses within the time period that Franchisor specifies following the effective date of the transfer;

(4) the transferee (if the transfer is of this Agreement) or Franchisee (if the transfer is of a direct or indirect Ownership Interest in Franchisee) agrees, at Franchisor's option, to (a) be bound by all terms and conditions of this Agreement for the remainder of the term, or (b) sign Franchisor's then current form of franchise agreement and related documents, which may contain terms and conditions (including the fees) that differ materially from any or all of those in this Agreement, except that the term of such franchise agreement shall be the remaining term of this Agreement;

(5) Franchisee or the transferee pays Franchisor a transfer fee (in addition to any other transfer or other fees payable under any Development Rights Agreement, other franchise agreement, or other agreement with Franchisor or its affiliate) in an amount equal to Twenty-Five Thousand Dollars ($25,000); and

(6) Franchisor has determined that the purchase price and payment terms will not adversely affect the operation of the Franchised Business, and if Franchisee or its Owners finance any part of the purchase price, Franchisee and they agree that all obligations under promissory notes, agreements or security interests reserved in the Franchised Business are subordinate to the transferee's obligation to pay all amounts due to Franchisor and its affiliates and otherwise to comply with this Agreement.

If the proposed transfer is to or among Franchisee's Owners or Immediate Family members, then Subsection (5) will not apply, although Franchisee must reimburse Franchisor for the costs Franchisor incurs in the transfer, up to the amount of the aggregate transfer fee payable in connection with the transfer. At Franchisor's sole option, Franchisor may review all information regarding the Franchised Business that Franchisee or its Owners give the transferee and give the transferee copies of any reports that Franchisee has given Franchisor or Franchisor has made regarding the Franchised Business. Franchisee acknowledges that Franchisor has legitimate reasons to evaluate the qualifications of potential transferees (and their direct and indirect owners) and the terms of the proposed transfer, and that Franchisor's contact with potential transferees (and their direct and indirect owners) to protect Franchisor's business interests will not constitute tortious, improper or unlawful conduct.

13.E. Transfer to a Wholly-Owned Entity. Despite Section 13.D, if Franchisee is in full compliance with this Agreement, then upon at least ten (10) days' prior written notice to Franchisor, Franchisee may transfer this Agreement, together with the Operating Assets and all other assets associated with the Franchised Business, to an Entity which conducts no business other than the Franchised Business and, if applicable, other Sandbox VR Businesses and of which Franchisee owns and controls one hundred percent (100%) of the equity and voting power of all Ownership Interests, provided that all of the Franchised Business's assets are owned, and the Franchised Business's business is conducted, only by that single Entity. Transfers of direct and indirect Ownership Interests in that Entity are subject to all of the restrictions in this Section 13. Franchisee (including, if Franchisee is a group of individuals, any individual who will not have an Ownership Interest in the transferee Entity), its Owners, and the transferee Entity must sign the form of agreement and related documents (including Guarantees) that Franchisor then specifies to reflect the assignment of this Agreement to the transferee Entity and a general release, in a form satisfactory to Franchisor, of any and all claims against Franchisor and its affiliates and its and their respective owners, officers, directors, employees, representatives, agents, successors and assigns.

13.F. Death or Disability. Upon Franchisee's or its Owner's death or disability, Franchisee's or the Owner's executor, administrator, conservator, guardian or other personal representative (the "**Representative**") must transfer Franchisee's interest in this Agreement, the Operating Assets and the Franchised Business, or such Owner's direct or indirect Ownership Interest in Franchisee, to a third party whom Franchisor approves. That transfer (including transfer by bequest or inheritance) must occur within a reasonable time, not to exceed six (6) months from the date of death or disability, and is subject to all of the terms and conditions in this Section 13. A failure to transfer such interest within this time period is a breach of this Agreement. The term "**disability**" means a mental or physical disability, impairment or condition that is reasonably expected to prevent or actually does prevent Franchisee or the Owner from

supervising Franchisee's or the Franchised Business's management and operation for thirty (30) or more consecutive days.

13.G. Effect of Consent to Transfer. Franchisor's consent to any transfer is not a representation of the fairness of the terms of any contract between Franchisee (or its Owner(s)) and the transferee, a guarantee of the Franchised Business's or transferee's prospects of success, or a waiver of any claims Franchisor has against Franchisee (or its Owners) or of Franchisor's right to demand the transferee's full compliance with this Agreement's terms or conditions.

13.H. Franchisor's Right of First Refusal. If Franchisee or any of its Owners at any time determines to engage in a Control Transfer, whether in one transfer or a series of related transfers, Franchisee agrees to obtain from a responsible and fully disclosed buyer, and send Franchisor, a true and complete copy of a bona fide, executed written offer relating exclusively to an interest in this Agreement and the Franchised Business (and its assets) or a direct or indirect Ownership Interest in Franchisee. To be a valid, bona fide offer, the offer must include details of the payment terms of the proposed sale and the sources and terms of any financing for the proposed purchase price, the proposed purchase price must be in a fixed dollar amount and without any contingent payments of purchase price (such as earn-out payments), and the proposed transaction must relate exclusively to an interest in this Agreement and the Franchised Business (and its assets) or a direct or indirect Ownership Interest in Franchisee and not to any other interests or assets.

Franchisor may, by delivering written notice to Franchisee within thirty (30) days after Franchisor receives both an exact copy of the offer and all other information it requests, elect to purchase the interest for the price and on the terms and conditions contained in the offer, provided that: (1) Franchisor may substitute cash for any form of consideration proposed in the offer; (2) Franchisor's credit will be deemed equal to the credit of any proposed buyer; (3) the closing will be not less than sixty (60) days after notifying Franchisee of its election to purchase or, if later, the closing date proposed in the offer, provided that Franchisor may delay the closing until it obtains all necessary licenses and permits to operate the Franchised Business; and (4) Franchisor must receive, and Franchisee and its Owners agree to make, all customary representations, warranties and indemnities given by the seller of the assets of a business or Ownership Interests in an Entity, as applicable, including representations and warranties regarding ownership and condition of, and title to, assets and Ownership Interests, liens and encumbrances on assets, validity of contracts and agreements, and the liabilities, contingent or otherwise, relating to the assets or Ownership Interests being purchased, and indemnities for all actions, events and conditions that existed or occurred in connection with the Franchised Business or Franchisee's business prior to the closing of Franchisor's purchase. If Franchisor does not exercise its right of first refusal, Franchisee or its Owners may complete the sale to the proposed buyer on the original offer's terms, but only if Franchisor approves the transfer as provided in this Section 13. If Franchisee does not complete the sale to the proposed buyer (with Franchisor's approval) within sixty (60) days after Franchisor notifies Franchisee that Franchisor does not intend to exercise its right of first refusal, or if there is a material change in the terms of the offer (which Franchisee must tell Franchisor promptly), Franchisor will have an additional right of first refusal during the thirty (30)-day period following either the expiration of the sixty (60)-day period or Franchisor's receipt of notice of the material change in the offer's terms, either on the terms originally offered or the modified terms, at Franchisor's option.

Franchisor may assign its right of first refusal under this Section 13.H to any Entity (who may be Franchisor's affiliate), and that Entity will have all of the rights and obligations under this Section 13.H.

14. Successor Franchise Rights.

14.A. Exercise of Successor Franchise Right. When this Agreement expires (unless it is terminated sooner), if Franchisee satisfies the conditions of this Section 14, Franchisee will have the right to acquire a successor franchise to continue operating the Franchised Business as a Sandbox VR Business for two (2) successor franchise terms of five (5) years each (each, a "**Successor Term**"). However, Franchisee's right to a successor franchise shall only apply if: (1) Franchisee delivers Franchisor written notice of its election to acquire a successor franchise (the "**Successor Franchise Notice**") at least twelve (12) months, but not more than fifteen (15) months, before the end of the Term or the first Successor Term, as applicable; (2) Franchisee has substantially complied with this Agreement throughout the Term and, if applicable, the first Successor Term and is, both on the date Franchisee gives Franchisor the Successor Franchise Notice and on the date on which the applicable Successor Term commences, in full compliance with this Agreement, including all System Standards; (3) Franchisee demonstrates that it has the right to maintain possession of the Site for at least five (5) years following this Agreement's expiration; and (4) on or before the date upon which the applicable Successor Term commences, Franchisee has renovated and/or remodeled the Franchised Business (which may include structural alterations), added or replaced Operating Assets, and otherwise modified the Franchised Business as Franchisor then requires in order to meet Franchisor's then current requirements for new similarly situated Sandbox VR Businesses.

14.B. Successor Franchise Documents. If Franchisee has satisfied all of the conditions under Section 14.A to acquire the successor franchise, then on or before the date upon which this Agreement expires, Franchisee and its Owners must:

(1) sign Franchisor's then current form of franchise agreement and related documents to operate the Franchised Business for the applicable Successor Term, the provisions of which (including the fees and the rights in, and geographic area comprising, the Territory) may differ materially from any and all of those contained in this Agreement, modified to reflect the fact it is for a successor franchise, except that the term shall be five (5) years and (a) for the first Successor Term, it shall grant the right to obtain one (1) additional five (5)-year Successor Term (subject to satisfaction of certain conditions) and (b) for the second Successor Term, it shall not grant any rights to a renewal or successor franchise;

(2) pay Franchisor, instead of the initial franchise fee under such successor franchise agreement, a successor franchise fee in an amount equal to Twelve Thousand Five Hundred Dollars ($12,500); and

(3) sign a general release in the form that Franchisor specifies as to any and all claims against Franchisor, its affiliates, and its and their respective owners, officers, directors, employees, agents, representatives, successors and assigns.

14.C. Holdover. If this Agreement expires without the grant of a successor franchise and Franchisee fails or refuses to comply with the post-expiration obligations under Section 16, then without limiting Franchisor's other rights and remedies under this Agreement and applicable law,

Franchisor may, at its sole option, treat the Term as extended on a week-to-week basis until either Franchisor or Franchisee delivers written notice to the other ending such extension.

15. Termination of Agreement.

15.A. Termination by Franchisee. Franchisee may terminate this Agreement if Franchisor commits a material breach of any of its obligations under this Agreement and fails to correct such breach within thirty (30) days after Franchisee's delivery of written notice to Franchisor of such breach; provided, however, that if Franchisor cannot reasonably correct the breach within this thirty (30)-day period but provides Franchisee, within this thirty (30)-day period, with reasonable evidence of Franchisor's effort to correct the breach within a reasonable time period, then the cure period shall run through the end of such reasonable time period. Franchisee's termination of this Agreement (including by taking steps to de-identify the Franchised Business or otherwise cease operations under this Agreement) other than in accordance with this Section 15.A is a termination without cause and a breach of this Agreement.

15.B. Termination by Franchisor. Franchisor may, at its option, terminate this Agreement, effective upon delivery of written notice of termination to Franchisee, if:

(1) Franchisee or any of its Owners has made or makes a material misrepresentation or omission in acquiring any of the rights under this Agreement or operating the Franchised Business;

(2) Any Key Management Team member or any other Franchised Business personnel whom Franchisor requires to attend its Initial Training Program does not satisfactorily complete that training;

(3) Franchisee fails to open the Franchised Business in compliance with this Agreement on or before the Opening Deadline;

(4) Franchisee abandons or fails actively to operate the Franchised Business during the required hours of operation for two (2) or more consecutive calendar days, or for three (3) or more calendar days during any month, unless Franchisee closes the Franchised Business for a purpose Franchisor approves or because of fire or other casualty;

(5) Franchisee surrenders or transfers control of its or the Franchised Business's management or operation without Franchisor's prior written consent;

(6) Franchisee or any of its Owners is convicted by a trial court of, or pleads no contest to, a felony;

(7) Franchisee or any of its Owners engages in any dishonest, unethical or illegal conduct which, in Franchisor's opinion, adversely affects the Franchised Business's reputation, the reputation of other Sandbox VR Businesses or the goodwill associated with the Marks;

(8) Franchisee fails to maintain the insurance Franchisor requires from time to time and/or Franchisee fails to provide Franchisor with proof of such insurance as this Agreement requires;

(9) Franchisee interferes with Franchisor's right to inspect the Franchised Business or observe its operation or Franchisor's right to audit Franchisee's books and records;

(10) Franchisee or any of its Owners makes an unauthorized transfer in breach of this Agreement;

(11) any other franchise agreement or other agreement between Franchisor (or any of its affiliates) and Franchisee (or any of its Owners or affiliates), other than a Development Rights Agreement, is terminated before its term expires, regardless of the reason;

(12) Franchisee or any of its Owners, directors or officers (or any members of their Immediate Families) breaches Section 12 or knowingly makes any unauthorized use or disclosure of any part of the Operations Manual or any other Confidential Information;

(13) Franchisee violates any law, ordinance or regulation relating to the ownership or operation of the Franchised Business, or operates the Franchised Business in an unsafe manner, and (if the violation can be corrected) Franchisee does not begin to correct the violation immediately, and correct the violation fully within seventy-two (72) hours, after Franchisee receives notice of the violation from Franchisor or any other party;

(14) Franchisee fails to pay when due any federal, state or local income, sales or other taxes due, or repeatedly fails to make or delays making payments to its suppliers or lenders, unless Franchisee is in good faith contesting its liability for these taxes or payments;

(15) Franchisee or any of its Owners fails on three (3) or more separate occasions within any twelve (12) consecutive month period to comply with any one or more obligations under this Agreement, whether or not any of these failures are corrected after Franchisor delivers written notice to Franchisee and whether these failures involve the same or different obligations under this Agreement;

(16) Franchisee or any of its Owners fails on two (2) or more separate occasions within any six (6) consecutive month period, or on three (3) or more separate occasions within any thirty-six (36) consecutive month period, to comply with the same obligation under this Agreement, whether or not any of these failures are corrected after Franchisor delivers written notice to Franchisee;

(17) Franchisee or any Owner makes an assignment for the benefit of creditors or admits in writing Franchisee's or its insolvency or inability to pay Franchisee's or its debts generally as they become due; Franchisee or any Owner consents to the appointment of a receiver, trustee or liquidator of all or the substantial part of Franchisee's or its property; the Franchised Business or any of the Operating Assets is attached, seized, subjected to a writ or distress warrant, or levied upon, unless the attachment, seizure, writ, warrant or levy is vacated within thirty (30) days; or any order appointing a receiver, trustee or liquidator of Franchisee, any Owner or the Franchised Business is not vacated within thirty (30) days following the order's entry;

(18) Franchisee fails to pay Franchisor (or its affiliates) any amounts due, whether arising under this Agreement or any other agreement, and does not correct the

failure within ten (10) days after Franchisor delivers written notice of that failure to Franchisee;

(19) Franchisee or its affiliate fails to comply with any provision of the Proprietary Software License Agreement;

(20) Franchisee fails to exceed the Minimum Royalty for twelve (12) or more months; or

(21) Franchisee fails to comply with any other provision of this Agreement or any mandatory System Standard and does not correct the failure within thirty (30) days after Franchisor delivers written notice of the failure to Franchisee.

15.C. Termination of Other Rights. In addition to and without limiting Franchisor's other rights and remedies under this Agreement, any other agreement and applicable law, upon the occurrence of any of the events that give rise to Franchisor's right to terminate this Agreement under Section 15.B or that gives Franchisor the right to terminate the Development Rights Agreement or any franchise agreement signed pursuant to the Development Rights Agreement, Franchisor may, at its sole option and upon delivery of written notice to Franchisee, elect to take any or all of the following actions without terminating this Agreement:

(1) eliminate Franchisee's rights, and Franchisor's (and its affiliates') obligations, under Section 3.A, after which Franchisor (and its affiliates) may operate, and authorize any other parties to operate a Sandbox VR Business within the Territory;

(2) temporarily remove information concerning Franchisee, the Franchised Business, or any or all of Franchisee's (or its affiliates') other Sandbox VR Businesses from the System Website and/or stop Franchisee's participation in any other programs or benefits offered on or through the System Website;

(3) terminate Franchisee's right to operate one or more Experiences; and/or

(4) suspend Franchisee's right to receive any services or support that Franchisor provides to Franchisee under this Agreement or any other agreement, including access to some or all of the Customer Services.

Franchisor's exercise of its rights under this Section 15.C will not be a defense for Franchisee to Franchisor's enforcement of any other provision of this Agreement or waive or release Franchisee from any of its other obligations under this Agreement. Franchisor's exercise of these rights will not constitute an actual or constructive termination of this Agreement nor be Franchisor's sole or exclusive remedy for Franchisee's default. Franchisee shall continue to pay all fees and otherwise comply with all of its obligations under this Agreement following Franchisor's exercise of any of these rights. If Franchisor exercises any of its rights under this Section 15.C, Franchisor may thereafter terminate this Agreement without providing Franchisee any additional corrective or cure period, unless the default giving rise to Franchisor's right to terminate this Agreement has been cured to its reasonable satisfaction.

16. Rights and Obligations Upon Termination or Expiration.

16.A. Payment of Amounts Owed. Franchisee agrees to pay within ten (10) days after this Agreement expires or is terminated, or on any later date that the amounts due are determined,

all amounts owed to Franchisor or its affiliates under this Agreement or any related agreement which then are unpaid.

Franchisee acknowledges and confirms that Franchisor will suffer substantial damages as a result of the termination of this Agreement before the Term expires, including lost future Monthly Fees, lost market penetration and goodwill, loss of representation in the Franchised Business's market area, lost opportunity costs, and expenses that Franchisor will incur in developing or finding another franchisee to develop another Sandbox VR Business in the Franchised Business's market area (collectively, "**Brand Damages**"). Franchisor and Franchisee acknowledge that Brand Damages are difficult to estimate accurately and proof of Brand Damages would be burdensome and costly, although such damages are real and meaningful to Franchisor. Therefore, upon expiration (without the grant of a successor franchise) or termination of this Agreement for any reason except pursuant to Section 15.A, Franchisee agrees to pay Franchisor, within fifteen (15) days after the date of such termination, liquidated damages in a lump sum in an amount equal to the product of (i) the average Monthly Fees that Franchisee owed Franchisor during the twelve (12) full calendar month period before the month of termination (or such shorter period during which the Franchised Business operated), multiplied by (ii) sixty (60) or the number of months then remaining in the Term had it not been terminated, whichever is less. Franchisee agrees that the liquidated damages calculated under this Section 16.A represent the best estimate of Franchisor's Brand Damages arising from such termination. Franchisee's payment of the liquidated damages to Franchisor will not be considered a penalty but, rather, a reasonable estimate of fair compensation to Franchisor for the Brand Damages Franchisor will incur because this Agreement did not continue for the Term's full length. Franchisee acknowledges that its payment of liquidated damages is full compensation to Franchisor only for the Brand Damages resulting from the early termination of this Agreement and is in addition to, and not in lieu of, Franchisee's obligations to pay other amounts due to Franchisor under this Agreement as of the date of termination and to comply strictly with the all other provisions of this Section 16. If any valid law or regulation governing this Agreement limits Franchisee's obligation to pay, and/or Franchisor's right to receive, the liquidated damages for which Franchisee is obligated under this Section 16.A, then Franchisee shall be liable to Franchisor for any and all Brand Damages that Franchisor incurs, now or in the future, as a result of Franchisee's breach of this Agreement.

16.B. De-Identification. When this Agreement expires or is terminated for any reason:

(1) Franchisee must take any actions that are required to cancel all fictitious or assumed name or equivalent registrations relating to its use of any of the Marks and, at Franchisor's option, to assign to Franchisor (or its designee) or cancel any electronic address, domain name or website, or rights maintained in connection with any search engine or other technology, that directly or indirectly associates Franchisee or the Franchised Business with Franchisor, the Marks, the Franchise System or the network of Sandbox VR Businesses;

(2) beginning on the De-identification Date (defined below) or the closing of the acquisition of the Purchased Assets (defined in Exhibit E) under Section 16.E, Franchisee and its Owners shall not directly or indirectly at any time thereafter or in any manner (except in connection with other Sandbox VR Businesses they own and operate): (a) identify itself or themselves or any business as a current or former Sandbox VR Business or as one of Franchisor's current or former franchisees or licensees; (b) use any Mark, any colorable imitation of a Mark, any trademark, service mark or commercial symbol that is confusingly similar to any Mark, or any other indicia of a Sandbox VR Business in any manner or for any purpose, including in or on any advertising or marketing

materials, forms, or any website, Social Media or other electronic media; or (c) use for any purpose any trade dress, trade name, trademark, service mark or other commercial symbol that indicates or suggests a connection or association with Franchisor or the network of Sandbox VR Businesses;

(3) within three (3) days after the De-identification Date, Franchisee must remove and deliver to Franchisor (or, at its option, destroy) all exterior and interior signs, Local Marketing and other advertising, marketing and promotional materials, forms and other documents containing any of the Marks or otherwise identifying or relating to a Sandbox VR Business; and

(4) within ten (10) days after the De-identification Date, Franchisee must make such alterations as Franchisor reasonably specifies to distinguish the Franchised Business and its assets clearly from their former appearance as a Sandbox VR Business and from other Sandbox VR Businesses so as to prevent a likelihood of confusion by the public and otherwise take the steps that Franchisor specifies to de-identify the Franchised Business, including permanently removing all Marks and trade dress from the Franchised Business's walls and altering the Franchised Business's color scheme, layout and other aspects of the trade dress associated with the Franchise System.

Franchisee must provide Franchisor written evidence (including pictures, as applicable) of its compliance with this Section 16.B upon Franchisor's request. If Franchisee fails to comply with any of its obligations under this Section 16.B, then, without limiting Franchisor's other rights and remedies under this Agreement or applicable law, Franchisor or its designee may take any action that this Section 16.B requires on Franchisee's behalf and at Franchisee's expense, including by entering the Franchised Business and adjacent areas, without prior notice or liability, to remove the items and/or make the alterations that this Section 16.B requires. The "**De-identification Date**" means: (i) the closing date of Franchisor's (or assignee's) purchase of the Purchased Assets pursuant to Section 16.E; or (ii) if that closing does not occur, the date upon which the option under Section 16.E expires or the date upon which Franchisor provides Franchisee written notice of its decision not to exercise that option, whichever occurs first. If Franchisor or its assignee acquires the Purchased Assets under Section 16.E, then Franchisee's obligations under Sections 16.B(3) and (4) will be void and of no force or effect.

16.C. Confidential Information. Franchisee agrees that, when this Agreement expires or is terminated, Franchisee and its Owners will immediately cease using any Customer Data and other Confidential Information, whether directly or indirectly through one or more intermediaries, in any business or otherwise and return to Franchisor all copies of the Operations Manual and any other confidential materials that Franchisor has loaned Franchisee. In addition, Franchisee will immediately cease to use all computer software licensed by Franchisor or any of its affiliates and comply with Franchisee's obligations under any software license agreements, including the Proprietary Software License Agreement.

16.D. Covenant Not To Compete. Upon expiration (without the grant of a successor franchise) or termination of this Agreement for any reason except pursuant to Section 15.A, and except with respect to other franchise agreements with Franchisor then in effect, Franchisee and its Owners agree that, for two (2) years beginning on the effective date of termination or expiration (subject to extension as provided below), neither Franchisee nor any of Franchisee's Owners, nor any members of Franchisee's or their Immediate Families, will:

(1) have any direct or indirect, controlling or non-controlling ownership interest in any Competitive Business that is located: (a) at the Site; (b) within a five (5)-mile radius of the Site; or (c) within a five (5)-mile radius of any Sandbox VR Business then operating or under construction on the effective date of the termination or expiration, provided that this restriction will not apply to the ownership of shares of a class of securities which are publicly traded on a United States stock exchange representing less than three percent (3%) of the number of shares of that class of securities issued and outstanding; or

(2) perform services as a director, officer, manager, employee, consultant, representative or agent for a Competitive Business that is located (a) at the Site; (b) within a five (5)-mile radius of the Site; or (c) within a five (5)-mile radius of any Sandbox VR Business then operating or under construction on the effective date of the termination or expiration.

The time period during which these restrictions apply will be automatically extended, with respect to all persons covered by this Section 16.D, for each day during which any person covered by this Section 16.D is not complying fully with this Section 16.D. These restrictions also apply after transfers and other events, as provided in Section 13, and are in addition to the restrictions in Section 16.F. Franchisee (and each of its Owners) acknowledge that Franchisee (and they) possess skills and abilities of a general nature and have other opportunities for exploiting these skills. Consequently, Franchisor's enforcement of the covenants made in this Section 16.D will not deprive Franchisee or them of personal goodwill or the ability to earn a living.

16.E. Franchisor's Purchase Option. In addition to, and not in lieu or limitation of, all of Franchisor's rights and remedies set forth elsewhere in this Agreement and under applicable laws, upon expiration of this Agreement or if Franchisor is entitled to terminate this Agreement or any other franchise agreement between Franchisor (or its affiliates) and Franchisee (or its affiliates), Franchisor shall be entitled to exercise the Purchase Option pursuant to Exhibit E.

16.F. Restriction on Sale of Location. During the Term and for two (2) years beginning on the effective date of expiration (without the grant of a successor franchise) or termination of this Agreement for any reason except pursuant to Section 15.A, and unless the Purchased Assets are acquired under Section 16.E, Franchisee agrees that neither Franchisee nor any of its Owners, nor any of Franchisee's affiliates, will engage in any transfer, lease/sublease or other transaction the result of which is that a Competitive Business (other than the Franchised Business contemplated by this Agreement) is operated at the Site, including by any unaffiliated third party. Franchisee agrees to obtain (and/or to cause its Owners or affiliates to obtain) an agreement from any subtenant, transferee or other party occupying the Site pursuant to or as a result of any arrangement with Franchisee (or its Owner or affiliate) that the Site will not be operated as a Competitive Business during such period.

16.G. Customer Services. Franchisor will have the right to notify the then-current administrator of any Reservation Operating Platform or other Customer Service that Franchisee's right to use the Reservation Operating Platform or Customer Service has been terminated, including any applicable subscription, membership, service, or similar agreement. Franchisee will sign any and all documentation that Franchisor or such administrator requires to evidence such termination.

16.H. Continuing Obligations. All of Franchisor's and Franchisee's (and its Owners') obligations under this Agreement which expressly or by their nature survive this Agreement's

expiration or termination will continue in full force and effect subsequent to and notwithstanding its expiration or termination and until these obligations are satisfied in full or by their nature expire.

16.I. Listings. Franchisor will have the option, exercisable by written notice within thirty (30) days after the termination or expiration of this Agreement, to take an assignment of all telephone numbers, facsimile numbers, domain names, social media accounts (and associated domain names) and any and all other numbers, names and directory listings (collectively, the "**Listings**") associated with the Franchised Business. Franchisee must notify the telephone company, all telephone directory publishers, and all domain name registries and internet service providers of the termination or expiration of Franchisee's right to use the Listings, and authorize and instruct the transfer of such Listings to Franchisor (or its designee) and/or instruct the telephone company, domain name registries and internet service providers to forward all calls, e-mails and electronic communications made to such Listings to the names, numbers, or addresses (as applicable) that Franchisor specifies. If Franchisee fails to promptly make such notifications, Franchisee agrees that Franchisor may do so on behalf of Franchisee. Franchisee is not entitled to any compensation from Franchisor if Franchisor exercises this option.

17. Relationship of the Parties/Indemnification.

17.A. Independent Contractors. Franchisee and Franchisor understand and agree that this Agreement does not create a fiduciary relationship between them. Franchisee has no authority, express or implied, to act as the agent of Franchisor or any of its affiliates for any purpose. Franchisee is, and shall remain, an independent contractor responsible for all obligations and liabilities of, and for all loss or damage to, the Franchised Business and its business, including any personal property, equipment, fixtures or real property and for all claims or demands based on damage or destruction of property or based on injury, illness or death of any person or persons, directly or indirectly, resulting from the operation of the Franchised Business. Further, Franchisor and Franchisee are not and do not intend to be partners, associates, or joint employers in any way, and Franchisor shall not be construed to be jointly liable for any of Franchisee's acts or omissions under any circumstances. Franchisor (and its affiliates) will not exercise direct or indirect control over the working conditions of Franchisee's personnel, except to the extent such indirect control is related to Franchisor's legitimate interest in protecting the quality of the products and services associated with the Marks. Franchisor (and its affiliates) do not share or codetermine the employment terms and conditions of the Franchised Business's employees and do not affect matters relating to the employment relationship between Franchisee and the Franchised Business's employees, such as employee selection, promotion, termination, hours worked, rates of pay, other benefits, work assigned, discipline, adjustment of grievances and complaints, and working conditions. Franchisee agrees to identify itself conspicuously in all dealings with customers, prospective customers, employees, suppliers, public officials and others as the Franchised Business's owner under a franchise Franchisor has granted and to place notices of independent ownership on the forms, business cards, employment materials, advertising and other materials Franchisor requires from time to time.

17.B. No Liability for Acts of Other Party. Franchisor and Franchisee agree not to make any express or implied agreements, warranties, guarantees or representations, or incur any debt, in the name or on behalf of the other or represent that their relationship is other than franchisor and franchisee. Franchisor will not be obligated for any damages to any person or property directly or indirectly arising out of the Franchised Business's operation or the business Franchisee conducts under this Agreement.

17.C. Taxes. Franchisor will have no liability for any sales, use, service, occupation, excise, gross receipts, income, property or other taxes, whether levied upon Franchisee or the Franchised Business, due to the business Franchisee conducts (except any taxes Franchisor is required by law to collect from Franchisee for purchases from Franchisor and Franchisor's income taxes). Franchisee is responsible for paying these taxes.

17.D. Indemnification and Defense of Claims.

(1) Franchisee agrees to indemnify and hold harmless Franchisor, its affiliates, and its and their respective owners, directors, officers, employees, agents, representatives, successors and assignees (the "**Indemnified Parties**") against, and to reimburse any one or more of the Indemnified Parties for, all Losses (defined below) directly or indirectly arising out of or relating to: (a) the Franchised Business's development or operation; (b) the business Franchisee conducts under this Agreement; (c) Franchisee's breach of this Agreement; (d) Franchisee's noncompliance or alleged noncompliance with any law, ordinance, rule or regulation, including those concerning the Franchised Business's construction, design or operation, and including any allegation that Franchisor or another Indemnified Party is a joint employer or otherwise responsible for Franchisee's acts or omissions relating to Franchisee's employees; or (e) claims alleging either intentional or negligent conduct, acts or omissions by Franchisee (or its contractors or any of its or their employees, agents or representatives), or by Franchisor or its affiliates (or its or their contractors or any of its or their employees, agents or representatives), subject to Section 17.D(3). "**Losses**" means any and all losses, expenses, obligations, liabilities, damages (actual, consequential, or otherwise), and reasonable defense costs, including accountants', arbitrators', attorneys', and expert witness fees, costs of investigation and proof of facts, court costs, travel and living expenses, and other expenses of litigation, arbitration, or alternative dispute resolution, regardless of whether litigation, arbitration, or alternative dispute resolution is commenced.

(2) Franchisee agrees to defend the Indemnified Parties against any and all claims asserted or inquiries made (formally or informally), or legal actions, investigations, or other proceedings brought, by a third party and directly or indirectly arising out of or relating to any matter described in Subsection 17.D(1)(a) through (e) above (collectively, "**Proceedings**"), including those alleging the Indemnified Party's negligence, gross negligence, willful misconduct and/or willful wrongful omissions. Each Indemnified Party may at Franchisee's expense defend and otherwise respond to and address any claim asserted or inquiry made, or Proceeding brought, that is subject to this Section 17.D (instead of having Franchisee defend it as required above), and agree to settlements or take any other remedial, corrective, or other actions, for all of which defense and response costs and other Losses Franchisee is solely responsible, subject to Section 17.D(3). An Indemnified Party need not seek recovery from any insurer or other third party, or otherwise mitigate its Losses, in order to maintain and recover fully a claim against Franchisee, and Franchisee agrees that a failure to pursue a recovery or mitigate a Loss will not reduce or alter the amounts that an Indemnified Party may recover from Franchisee under this Section 17.D. Franchisee's obligations under this Section 17.D will continue in full force and effect subsequent to and notwithstanding this Agreement's expiration or termination.

(3) Despite Section 17.D(1), Franchisee has no obligation to indemnify or hold harmless an Indemnified Party for, and Franchisor will reimburse Franchisee for, any Losses (including costs of defending any Proceeding under Section 17.D(2)) to the extent

they are determined in a final, unappealable ruling issued by a court or arbitrator with competent jurisdiction to have been caused solely and directly by the Indemnified Party's willful misconduct or gross negligence, so long as the claim to which those Losses relate is not asserted on the basis of theories of vicarious liability (including agency, apparent agency, or joint employer) or Franchisor's failure to compel Franchisee to comply with this Agreement, which are claims for which Franchisee is not entitled to indemnification pursuant to this Section 17.D(3). However, nothing in this Section 17.D(3) limits Franchisee's obligation to defend Franchisor and the other Indemnified Parties under Section 17.D(2).

18. Enforcement.

18.A. Severability and Substitution of Valid Provisions. Except as expressly provided to the contrary in this Agreement (including in Section 18.F), each Section, Subsection, paragraph, term and provision of this Agreement is severable, and if, for any reason, any part is held to be invalid or contrary to or in conflict with any applicable present or future law or regulation in a final, unappealable ruling issued by any court, agency or arbitrator with competent jurisdiction, that ruling will not impair the operation of, or otherwise affect, any other portions of this Agreement, which will continue to have full force and effect and bind the parties. If any covenant which restricts competitive activity is deemed unenforceable by virtue of its scope in terms of area, business activity prohibited, and/or length of time, but would be enforceable if modified, Franchisee and Franchisor agree that the covenant will be enforced to the fullest extent permissible under the laws and public policies applied in the jurisdiction whose law determines the covenant's validity. If any applicable and binding law or rule of any jurisdiction requires more notice than this Agreement requires of termination or of Franchisor's refusal to enter into a successor franchise agreement, or if, under any applicable and binding law or rule of any jurisdiction, any provision of this Agreement or any System Standard is invalid, unenforceable or unlawful, the notice and/or other action required by the law or rule will be substituted for the comparable provisions of this Agreement, and Franchisor may modify the invalid or unenforceable provision or System Standard to the extent required to be valid and enforceable or delete the unlawful provision in its entirety. Franchisee agrees to be bound by any promise or covenant imposing the maximum duty the law permits which is subsumed within any provision of this Agreement, as though it were separately articulated in and made a part of this Agreement.

18.B. Waiver of Obligations and Force Majeure. Franchisor and Franchisee may by written instrument unilaterally waive or reduce any obligation of or restriction upon the other under this Agreement, effective upon delivery of written notice to the other or another effective date stated in the notice of waiver. But, no interpretation, change, termination or waiver of any of this Agreement's provisions shall be binding upon Franchisor unless in writing and signed by one of Franchisor's officers, and which is specifically identified as an amendment, termination or waiver under this Agreement. No modification, waiver, termination, rescission, discharge or cancellation of this Agreement shall affect the right of any party hereto to enforce any claim or right hereunder, whether or not liquidated, which occurred prior to the date of such modification, waiver, termination, rescission, discharge or cancellation. Any waiver Franchisor grants will be without prejudice to any other rights Franchisor has, will be subject to its continuing review, and may be revoked at any time and for any reason, effective upon delivery to Franchisee of ten (10) days' prior written notice.

Franchisor and Franchisee will not be deemed to waive or impair any right, power or option this Agreement reserves (including Franchisor's right to demand exact compliance with every term, condition and covenant or to declare any breach to be a default and to terminate this

Agreement before the Term expires) because of any custom or practice at variance with its terms; Franchisor's or Franchisee's failure, refusal or neglect to exercise any right under this Agreement or to insist upon the other's compliance with this Agreement, including Franchisee's compliance with any System Standard; Franchisor's waiver of or failure to exercise any right, power or option, whether of the same, similar or different nature, with other Sandbox VR Businesses; the existence of franchise or license agreements for other Sandbox VR Businesses which contain provisions different from those contained in this Agreement; or Franchisor's acceptance of any payments due from Franchisee after any breach of this Agreement. No special or restrictive legend or endorsement on any check or similar item given to Franchisor will be a waiver, compromise, settlement or accord and satisfaction. Franchisor is authorized to remove any legend or endorsement, and they shall have no effect.

Neither Franchisor nor Franchisee will be liable for loss or damage or be in breach of this Agreement if its failure to perform obligations results from: (1) compliance with the orders, requests, regulations, or recommendations of any federal, state, or municipal government which do not arise from a violation or alleged violation of any law, rule, regulation or ordinance; (2) acts of God; (3) epidemics, pandemics, fires, strikes, embargoes, war, acts of terrorism or similar events, or riot; or (4) any other similar event or cause. Any delay resulting from these causes will extend performance accordingly or excuse performance, in whole or in part, as may be reasonable, except that these causes will not excuse payment of amounts owed at the time of the occurrence or payment of Monthly Fees and other amounts due afterward.

18.C. Costs and Attorneys' Fees. If either Franchisor or Franchisee initiates a legal proceeding in connection with this Agreement or the relationship of the parties hereto, the non-prevailing party in such proceeding shall reimburse the prevailing party for any costs and expenses that the prevailing party incurs, including reasonable accounting, attorneys', arbitrators' and related fees.

18.D. Applying and Withholding Payments. Despite any designation Franchisee makes, Franchisor may apply any of Franchisee's payments to any of Franchisee's past due indebtedness to Franchisor (or its affiliates). Franchisor may set-off any amounts Franchisee or its Owners owe Franchisor or its affiliates against any amounts Franchisor or its affiliates might owe Franchisee or its Owners, whether in connection with this Agreement or otherwise. Franchisee may not withhold payment of any amounts owed to Franchisor or its affiliates on the grounds of Franchisor's or their alleged nonperformance of any of its or their obligations under this Agreement or any other agreement.

18.E. Rights of Parties are Cumulative. Franchisor's and Franchisee's rights under this Agreement are cumulative, and their exercise or enforcement of any right or remedy under this Agreement will not preclude their exercise or enforcement of any other right or remedy under this Agreement which they are entitled by law to enforce.

18.F. Arbitration. All controversies, disputes or claims between Franchisor (and its affiliates and its and their respective owners, officers, directors, managers, agents and employees, as applicable) and Franchisee (and its affiliates and its and their respective owners, officers, directors, managers, agents and employees, as applicable) arising out of or related to:

(1) this Agreement or any other agreement between Franchisee (or its Owners or affiliates) and Franchisor (or its affiliates) or any provision of any of such agreements (including this Section 18.F);

(2) the relationship between Franchisor and Franchisee;

(3) the scope and validity of this Agreement or any other agreement between Franchisee (or its Owners or affiliates) and Franchisor (or its affiliates) or any provision of any of such agreements (including the scope and validity of the arbitration obligations under this Section 18.F, which Franchisee and Franchisor acknowledge is to be determined by an arbitrator and not a court); or

(4) any System Standard

will be submitted for arbitration to the office of the American Arbitration Association closest to Franchisor's then current principal business address. Except as otherwise provided in this Agreement, such arbitration proceedings shall be heard by one (1) arbitrator in accordance with the then existing Commercial Arbitration Rules of the American Arbitration Association. Arbitration proceedings shall be held at a suitable location to be chosen by the arbitrator which is within ten (10) miles of Franchisor's principal business address at the time that the arbitration action is filed. The arbitrator has no authority to establish a different hearing locale. All matters within the scope of the Federal Arbitration Act (9 U.S.C. Sections 1 et seq.) will be governed by it and not by any state arbitration law.

The arbitrator shall have the right to award or include in his or her award any relief which he or she deems proper in the circumstances, including money damages (with interest on unpaid amounts from the date due), specific performance, injunctive relief and attorneys' fees and costs, provided that: (i) the arbitrator shall not have authority to declare any Mark generic or otherwise invalid; and (ii) except for punitive, exemplary, treble and other forms of multiple damages available to any party under federal law or owed to third parties which are subject to indemnification under Section 17.D, Franchisor and Franchisee waive to the fullest extent permitted by law any right to or claim for any punitive, exemplary, treble or other forms of multiple damages against the other and agree that, in the event of a dispute between them, the party making a claim will be limited to equitable relief and to recovery of any actual damages it sustains. The award and decision of the arbitrator shall be conclusive and binding upon all parties hereto and judgment upon the award may be entered in any court of competent jurisdiction.

Franchisor and Franchisee agree to be bound by the provisions of any limitation on the period of time by which claims must be brought under this Agreement or applicable law, whichever expires first. Franchisor and Franchisee further agree that, in connection with any such arbitration proceeding, each shall submit or file any claim which would constitute a compulsory counterclaim (as defined by the then current Rule 13 of the Federal Rules of Civil Procedure) within the same proceeding as the claim to which it relates. Any such claim which is not submitted or filed in such proceeding shall be barred. The arbitrator may not consider any settlement discussions or offers that might have been made by either Franchisee or Franchisor. Franchisor reserves the right, but has no obligation, to advance Franchisee's share of the costs of any arbitration proceeding in order for such arbitration proceeding to take place and by doing so will not be deemed to have waived or relinquished Franchisor's right to seek the recovery of those costs in accordance with Section 18.C.

Franchisor and Franchisee agree that arbitration shall be conducted on an individual, not a class-wide, basis, that only Franchisor (and its affiliates and its and their respective owners, officers, directors, managers, agents and employees, as applicable) and Franchisee (and its affiliates and its and their respective owners, officers, directors, managers, agents and employees, as applicable) may be the parties to any arbitration proceeding described in this

Section 18.F, and that no such arbitration proceeding shall be consolidated with any other arbitration proceeding involving Franchisor and/or any other person or Entity. Notwithstanding the foregoing or anything to the contrary in this Section 18.F or Section 18.A, if any court or arbitrator determines that all or any part of the preceding sentence is unenforceable with respect to a dispute that otherwise would be subject to arbitration under this Section 18.F, then Franchisor and Franchisee agrees that this arbitration clause shall not apply to that dispute and that such dispute will be resolved in a judicial proceeding in accordance with this Section 18 (excluding this Section 18.F).

The provisions of this Section 18.F are intended to benefit and bind certain third party non-signatories and will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

Notwithstanding anything to the contrary contained in this Section 18.F, Franchisor and Franchisee each have the right to obtain temporary restraining orders and temporary or preliminary injunctive relief from a court of competent jurisdiction.

The obligation to arbitrate shall not be binding upon either party with respect to claims relating the Marks, any other intellectual property that is part of the Franchise System, or requests by either party for temporary restraining orders, preliminary injunctions or other procedures in a court of competent jurisdiction to obtain interim relief.

18.G. Governing Law. Except to the extent governed by the Federal Arbitration Act, the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 et seq.) or other federal law, all controversies, disputes or claims arising from or relating to:

(1) this Agreement or any other agreement between Franchisee (or its Owners or affiliates) and Franchisor (or its affiliates);

(2) the relationship between Franchisor and Franchisee;

(3) the validity of this Agreement or any other agreement between Franchisee (or its Owners or affiliates) and Franchisor (or its affiliates); or

(4) any System Standard

will be governed by the laws of the State of Delaware, without regard to its conflict of laws rules, except that any law regulating the sale of franchises, licenses, or business opportunities, governing the relationship of a franchisor and its franchisee or the relationship of a licensor and its licensee, or involving unfair or deceptive acts or practices will not apply unless its jurisdictional requirements are met independently without reference to this Section 18.G.

18.H. Consent to Jurisdiction. Subject to the arbitration obligations in Section 18.F, Franchisee and its Owners agree that all judicial actions brought by Franchisor against Franchisee or its Owners, or by Franchisee or its Owners against Franchisor, its affiliates or its or their respective owners, officers, directors, agents, or employees, must be brought exclusively in the state or federal court of general jurisdiction in the state, and in (or closest to) the city, where Franchisor maintains its principal business address at the time that the action is brought. Franchisee and each of its Owners irrevocably submits to the jurisdiction of such courts and waives any objection that any of them may have to either jurisdiction or venue. Notwithstanding the foregoing, Franchisor may bring an action for a temporary restraining order or for temporary

or preliminary injunctive relief, or to enforce an arbitration award, in any federal or state court in the state in which Franchisee or any of its Owners resides or the Franchised Business is located.

18.I. Waiver of Punitive Damages and Jury Trial. EXCEPT FOR PUNITIVE, EXEMPLARY, TREBLE AND OTHER FORMS OF MULTIPLE DAMAGES AVAILABLE TO ANY PARTY UNDER FEDERAL LAW OR OWED TO THIRD PARTIES WHICH ARE SUBJECT TO INDEMNIFICATION UNDER SECTION 17.D, FRANCHISOR AND FRANCHISEE (AND FRANCHISEE'S OWNERS) WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHT TO OR CLAIM FOR ANY PUNITIVE, EXEMPLARY, TREBLE OR OTHER FORMS OF MULTIPLE DAMAGES AGAINST THE OTHER AND AGREE THAT, IN THE EVENT OF A DISPUTE BETWEEN FRANCHISOR AND FRANCHISEE (OR FRANCHISEE'S OWNERS), THE PARTY MAKING A CLAIM WILL BE LIMITED TO EQUITABLE RELIEF AND TO RECOVERY OF ANY ACTUAL DAMAGES IT SUSTAINS.

FRANCHISOR AND FRANCHISEE (AND FRANCHISEE'S OWNERS) IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER FRANCHISOR OR FRANCHISEE (OR FRANCHISEE'S OWNERS).

18.J. Binding Effect and Amendment. This Agreement is binding upon Franchisor and Franchisee and their respective executors, administrators, heirs, beneficiaries, permitted assigns and successors in interest. Subject to Franchisor's rights to modify the Operations Manual and modify Exhibit A pursuant to Section 2.B., System Standards and Franchise System, this Agreement may not be amended or modified except by a written agreement signed by both Franchisee and Franchisor.

18.K. Limitations of Claims. EXCEPT FOR CLAIMS (1) RELATING TO THE MARKS OR ANY OTHER INTELLECTUAL PROPERTY THAT IS PART OF THE FRANCHISE SYSTEM OR (2) ARISING FROM FRANCHISEE'S NON-PAYMENT OR UNDERPAYMENT OF AMOUNTS IT OWES FRANCHISOR, ANY AND ALL CLAIMS ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE RELATIONSHIP BETWEEN FRANCHISOR AND FRANCHISEE (AND FRANCHISEE'S OWNERS) WILL BE BARRED UNLESS AN ARBITRATION OR JUDICIAL PROCEEDING IS COMMENCED IN THE PROPER FORUM WITHIN ONE (1) YEAR FROM THE DATE ON WHICH THE PARTY ASSERTING THE CLAIM KNEW OR SHOULD HAVE KNOWN OF THE FACTS GIVING RISE TO THE CLAIM.

18.L. Construction. The preambles and exhibits are a part of this Agreement which, together with any riders or addenda signed at the same time as this Agreement, constitutes Franchisor's and Franchisee's entire agreement and supersedes all prior and contemporaneous oral or written agreements and understandings between them relating to the subject matter of this Agreement. There are no other oral or written representations, warranties, understandings or agreements between Franchisor and Franchisee relating to the subject matter of this Agreement. 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 disclosure document (including its exhibits and amendments) that Franchisor delivered to Franchisee or its representative. Any policies that Franchisor adopts and implements from time to time to guide Franchisor in its decision-making are subject to change, are not a part of this Agreement and are not binding on Franchisor. Except as provided in Sections 17.D and 18.F, nothing in this Agreement is intended nor deemed to confer any rights or remedies upon any person or Entity not a party to this Agreement.

References in this Agreement to Franchisor, with respect to all of Franchisor's rights and all of Franchisee's obligations to Franchisor under this Agreement, include any of Franchisor's affiliates with whom Franchisee deals in connection with the Franchised Business. The term "**affiliate**" means any individual or Entity directly or indirectly owned or controlled by, under common control with, or owning or controlling the party indicated. "**Control**" means the power to direct or cause the direction of management and policies.

If two or more persons are at any time the owners of the rights under this Agreement and the Franchised Business, whether as partners or joint venturers, their obligations and liabilities to Franchisor will be joint and several. "**Person**" (whether or not capitalized) means any individual or Entity. The term "**Franchised Business**" includes all of the assets of the Sandbox VR Business Franchisee operates under this Agreement, including its revenue and income.

The headings of the Sections, Subsections and paragraphs are for convenience only and do not define, limit or construe their contents. Unless otherwise specified, all references to a number of days shall mean calendar days and not business days. The words "**include**," "**including**," and words of similar import shall be interpreted to mean "including, but not limited to" and the terms following such words shall be interpreted as examples of, and not an exhaustive list of, the appropriate subject matter. This Agreement may be executed by electronic signature and/or in multiple copies, each of which will be deemed an original.

18.M. The Exercise of Franchisor's Judgment. Franchisor has the right to operate, develop and change the Franchise System and System Standards in any manner that is not specifically prohibited by this Agreement. Whenever Franchisor has reserved in this Agreement a right to take or to withhold an action, or to grant or decline to grant Franchisee a right to take or omit an action, Franchisor may, except as otherwise specifically provided in this Agreement, make its decision or exercise its rights based on information readily available to Franchisor and its judgment of what is in the best interests of Franchisor or its affiliates, the Sandbox VR Business network generally, or the Franchise System at the time its decision is made, without regard to whether it could have made other reasonable or even arguably preferable alternative decisions or whether its decision promotes Franchisor's or its affiliates' financial or other individual interest. Except where this Agreement expressly obligates Franchisor reasonably to approve or not unreasonably to withhold its approval of any of Franchisee's actions or requests, Franchisor has the absolute right to refuse any request Franchisee makes or to withhold its approval of any of Franchisee's proposed, initiated or completed actions that require its approval.

19. Notices and Payments.

All written notices, reports and payments permitted or required to be delivered by the provisions of this Agreement or the Operations Manual will be deemed so delivered:

(1) in the case of Monthly Fees and other amounts due, at the time Franchisor actually debits Franchisee's account (if Franchisor institutes an automatic debit program for the Franchised Business) or receives such amounts;

(2) one (1) business day after being placed in the hands of a commercial courier service for next business day delivery; or

(3) three (3) business days after placement in the United States Mail by Registered or Certified Mail, Return Receipt Requested, postage prepaid;

and must be addressed to the party to be notified at its most current principal business address of which the notifying party has notice and/or, with respect to any approvals or notices that Franchisor provides to Franchisee or its Owners, at the Franchised Business's address. Any required payment or report which Franchisor does not actually receive during regular business hours on the date due (or postmarked by postal authorities at least two (2) days before then) will be deemed delinquent.

20. <u>No Waiver or Disclaimer of Reliance in Certain States</u>.

The following provision applies only to Sandbox VR Business franchisees and franchises that are subject to state franchise registration/disclosure laws in California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, or Wisconsin:

> No statement, questionnaire, or acknowledgment signed or agreed to by Franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by Franchisor, any franchise seller, or any other person acting on behalf of Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties have executed and delivered this Agreement effective on the Agreement Date.

FRANCHISOR:

GLOSTATION FRANCHISING USA, INC., a Delaware corporation

By: _____

Name: _____

Title: _____

Date: _____

FRANCHISEE

(IF ENTITY):

_____
[Name]

By: _____

Name: _____

Title: _____

Date: _____

(IF INDIVIDUALS):

_____
[Signature]

_____
[Print Name]

Date: _____

_____
[Signature]

_____
[Print Name]

Date: _____

EXHIBIT A
TO THE
SANDBOX VR® BUSINESS FRANCHISE AGREEMENT

BASIC TERMS

1. The "**Site**" is _____.

2. If Franchisee has not yet located an approved Site as of the Agreement Date, the Site will not be identified until Franchisee finds and Franchisor accepts the Site, as provided in Section 2.A., but Franchisee may look for the Site within the following "**Site Selection Area**:" _____.

3. The "**Territory**" means the area identified as follows: _____ _____.

4. The "**Opening Deadline**" is _____, 20___.

5. The "**Opening Date**" is _____. m

FRANCHISOR	**FRANCHISEE**
GLOSTATION FRANCHISING USA, INC., a Delaware corporation	**(IF ENTITY)**:
	_____ [Entity Name]
By:_____	By:_____
Name: _____	Name:_____
Title: _____	Title:_____
Date: _____	Date:_____

(IF INDIVIDUALS):

_____

[Signature]

_____

[Print Name]

Date:_____

_____

[Signature]

_____

[Print Name]

Date:_____

EXHIBIT A-1
TO THE
SANDBOX VR® BUSINESS FRANCHISE AGREEMENT

EXPERIENCES

FRANCHISOR

GLOSTATION FRANCHISING USA, INC., a Delaware corporation

By: _____

Name: _____

Title: _____

Date: _____

FRANCHISEE

(IF ENTITY):

_____
[Entity Name]

By: _____

Name: _____

Title: _____

Date: _____

(IF INDIVIDUALS):

_____
[Signature]

_____
[Print Name]

Date: _____

_____
[Signature]

_____
[Print Name]

Date: _____

EXHIBIT B
TO THE
SANDBOX VR® BUSINESS FRANCHISE AGREEMENT

OWNERS AND GUARANTORS

OWNERS

The ownership structure for _____ is as follows:

Name:_____ Address:_____	% of Total Share/Units:_____
Name:_____ Address:_____	% of Total Share/Units:_____
Name:_____ Address:_____	% of Total Share/Units:_____
Name:_____ Address:_____	% of Total Share/Units:_____

OFFICERS/EXECUTIVES:

The officers and principal executives for _____ are as follows:

Name: _____ Name: _____ Name: _____	Title: _____ Title: _____ Title: _____

GENERAL MANAGER:

The General Manager is _____.

FRANCHISOR

GLOSTATION FRANCHISING USA, INC., a Delaware corporation

By: _____

Name: _____

Title: _____

Date: _____

FRANCHISEE

(IF ENTITY):

_____
[Entity Name]

By: _____

Name: _____

Title: _____

Date: _____

(IF INDIVIDUALS):

_____
[Signature]

_____
[Print Name]

Date: _____

_____
[Signature]

_____
[Print Name]

Date: _____

EXHIBIT C
TO THE
SANDBOX VR® BUSINESS FRANCHISE AGREEMENT

GUARANTY AND ASSUMPTION OF OBLIGATIONS

THIS GUARANTY AND ASSUMPTION OF OBLIGATIONS is given _____, by _____.

In consideration of, and as an inducement to, the execution of that certain Franchise Agreement (the "**Agreement**") on this date by **Glostation Franchising USA, Inc.**("**Franchisor**"), each of the undersigned personally and unconditionally (a) guarantees to Franchisor and its successors and assigns, for the term of the Agreement (including extensions) and afterward as provided in the Agreement, that _____ ("**Franchisee**") will punctually pay and perform each and every undertaking, agreement, and covenant set forth in the Agreement (including any amendments or modifications of the Agreement); and (b) agrees to be personally bound by, and personally liable for the breach of, each and every provision in the Agreement (including any amendments or modifications of the Agreement), both monetary obligations and obligations to take or refrain from taking specific actions or to engage or refrain from engaging in specific activities, including, without limitation, the arbitration, non-competition, confidentiality, and transfer requirements.

Each of the undersigned acknowledges that he, she or it is either an owner (whether direct or indirect) of Franchisee or otherwise has a direct or indirect relationship with Franchisee or its affiliates; that he, she or it will benefit significantly from Franchisor's entering into the Agreement with Franchisee; and that Franchisor would not enter into the Agreement unless each of the undersigned agrees to sign and comply with the terms of this Guaranty.

Each of the undersigned consents and agrees that: (1) his, her or its direct and immediate liability under this Guaranty will be joint and several, both with Franchisee and among other guarantors; (2) he, she or it will render any payment or performance required under the Agreement upon demand if Franchisee fails or refuses punctually to do so; (3) this liability will not be contingent or conditioned upon Franchisor's pursuit of any remedies against Franchisee or any other person or entity; (4) this liability will not be diminished, relieved, or otherwise affected by any extension of time, credit, or other indulgence which Franchisor may from time to time grant to Franchisee or to any other person or entity, including, without limitation, the acceptance of any partial payment or performance or the compromise or release of any claims (including, without limitation, the release of other guarantors), none of which will in any way modify or amend this Guaranty, which will be continuing and irrevocable during the term of the Agreement (including extensions), for so long as any performance is or might be owed under the Agreement by Franchisee or any of its owners or guarantors, and for so long as Franchisor has any cause of action against Franchisee or any of its owners or guarantors; and (5) this Guaranty will continue in full force and effect for (and as to) any extension or modification of the Agreement and despite the transfer of any direct or indirect interest in the Agreement or Franchisee, and each of the undersigned waives notice of any and all renewals, extensions, modifications, amendments, or transfers.

Each of the undersigned waives: (i) all rights to payments and claims for reimbursement or subrogation that any of the undersigned may have against Franchisee arising as a result of the undersigned's execution of and performance under this Guaranty, for the express purpose that none of the undersigned shall be deemed a "creditor" of Franchisee under any applicable

bankruptcy law with respect to Franchisee's obligations to Franchisor; (ii) all rights to require Franchisor to proceed against Franchisee for any payment required under the Agreement, proceed against or exhaust any security from Franchisee, take any action to assist any of the undersigned in seeking reimbursement or subrogation in connection with this Guaranty or pursue, enforce or exhaust any remedy, including any legal or equitable relief, against Franchisee; (iii) any benefit of, or any right to participate in, any security now or hereafter held by Franchisor; and (iv) acceptance and notice of acceptance by Franchisor of his, her or its undertakings under this Guaranty, all presentments, demands and notices of demand for payment of any indebtedness or non-performance of any obligations hereby guaranteed, protest, notices of dishonor, notices of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed, and any other notices and legal or equitable defenses to which he, she or it may be entitled. Franchisor shall have no present or future duty or obligation to the undersigned under this Guaranty, and each of the undersigned waives any right to claim or assert any such duty or obligation, to discover or disclose to the undersigned any information, financial or otherwise, concerning Franchisee, any other guarantor, or any collateral securing any obligations of Franchisee to Franchisor. Without affecting the obligations of the undersigned under this Guaranty, Franchisor may, without notice to the undersigned, extend, modify, supplement, waive strict compliance with, or release all or any provisions of the Agreement or any indebtedness or obligation of Franchisee, or settle, adjust, release, or compromise any claims against Franchisee or any other guarantor, make advances for the purpose of performing any obligations of Franchisee under the Agreement, and/or assign the Agreement or the right to receive any sum payable under the Agreement, and the undersigned each hereby jointly and severally waive notice of same. The undersigned expressly acknowledge that the obligations hereunder survive the expiration or termination of the Agreement.

In addition, the undersigned each waive any defense arising by reason of any of the following: (a) any disability, counterclaim, right of set-off or other defense of Franchisee, (b) any lack of authority of Franchisee with respect to the Agreement, (c) the cessation from any cause whatsoever of the liability of Franchisee, (d) any circumstance whereby the Agreement shall be void or voidable as against Franchisee or any of its creditors, including a trustee in bankruptcy of Franchisee, by reason of any fact or circumstance, (e) any event or circumstance that might otherwise constitute a legal or equitable discharge of the undersigned's obligations hereunder, except that the undersigned do not waive any defense arising from the due performance by Franchisee of the terms and conditions of the Agreement, (f) any right or claim of right to cause a marshaling of the assets of Franchisee or any other guarantor, and (g) any act or omission of Franchisee.

If Franchisor is required to enforce this Guaranty in a judicial proceeding, and prevail in such proceeding, Franchisor shall be entitled to reimbursement of its costs and expenses, including, but not limited to, reasonable accountants', attorneys', attorneys' assistants', and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses, and travel and living expenses, whether incurred prior to, in preparation for, or in contemplation of the filing of any such proceeding. If Franchisor is required to engage legal counsel in connection with any failure by the undersigned to comply with this Guaranty, the undersigned shall reimburse Franchisor for any of the above-listed costs and expenses it incurs.

Subject to the arbitration obligations under the Agreement (with which each of the undersigned agrees to comply) and the provisions below, each of the undersigned agrees that all actions arising under this Guaranty or the Agreement, or otherwise as a result of the relationship between Franchisor and the undersigned, must be brought exclusively in the state or federal court of general jurisdiction in the state, and in (or closest to) the city, where Franchisor maintains its

principal business address at the time that the action is brought. Each of the undersigned irrevocably submits to the jurisdiction of those courts and waives any objection he, she or it might have to either the jurisdiction of or venue in those courts. Nonetheless, each of the undersigned agrees that Franchisor may enforce this Guaranty and any arbitration orders and awards in the courts of the state or states in which he, she or it is domiciled or has assets. EACH OF THE UNDERSIGNED IRREVOCABLY WAIVES TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, ARISING UNDER OR RELATING TO THIS GUARANTY OR ITS ENFORCEMENT.

[Signature Page Follows]

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

GUARANTOR(S)	**PERCENTAGE OF OWNERSHIP IN FRANCHISEE**
_____	_____%
[Signature]	
_____	
[Print Name]	
_____	_____%
[Signature]	
_____	
[Print Name]	
_____	_____%
[Signature]	
_____	
[Print Name]	
_____	_____%
[Signature]	
_____	
[Print Name]	

EXHIBIT D
TO THE
SANDBOX VR® BUSINESS FRANCHISE AGREEMENT

KEY PERSONNEL AGREEMENT

THIS KEY PERSONNEL AGREEMENT ("**Key Personnel Agreement**") is made and entered into as of this _____ day of _____ , 20__, regardless of the date of the parties' signatures, between Glostation Franchising USA, Inc. ("**Franchisor**"), and the individuals and/or entities whose names and signatures appear below (collectively, the **"Key Personnel"** or, individually, a **"Key Person"**).

1. Franchisor and _____ ("**Franchisee**") have signed, or are considering signing, a Franchise Agreement under which Franchisor will grant Franchisee the right to develop and operate a Sandbox VR Business located at _____ (the "**Agreement**"). All capitalized terms used but not defined in this Key Personnel Agreement shall have the meanings in the Agreement. Each Key Person acknowledges that (a) he, she or it is an owner (whether direct or indirect) of Franchisee or otherwise has a direct or indirect relationship with Franchisee or its affiliate; (b) he, she or it will benefit significantly from Franchisor's entering into the Agreement with Franchisee, and (c) Franchisor would not enter into or will not enter into (as applicable) the Agreement unless each Key Person agrees to sign and comply with the terms of this Key Personnel Agreement.

2. Each Key Person agrees, on behalf of himself, herself or itself and not on behalf of any other Key Person, that:

(a) during the period of his, her or its association with Franchisee, Key Person agrees to be personally bound by and comply with Sections 6.H, 11.C and 12 of the Agreement;

(b) if Key Person is an Owner, Key Person agrees to be personally bound by and comply with Sections 13.B, 13.C, 13.D, 13.E, 13.F and 13.H of the Agreement;

(c) beginning with the date upon which the Agreement expires or terminates or the date upon which Key Person has no further association with Franchisee (whether as an Owner, officer, manager and/or key employee or otherwise), whichever is earlier, Key Person agrees to be personally bound by and comply with Sections 16.B(2) and 16.D of the Agreement; and

(d) during the period beginning on the date of this Key Personnel Agreement and ending on the date upon which these obligations are satisfied in full or by their nature expire, Key Person agrees to be personally bound by and comply with Section 11.A of the Agreement.

3. Each Key Person represents and warrants to Franchisor that he, she or it has reviewed the Agreement and understands the obligations arising under this Key Personnel Agreement. The obligations described the Sections of the Agreement listed above shall apply to each Key Person pursuant to this Key Personnel Agreement, regardless of whether those obligations (as they appear in the Agreement) are imposed upon Franchisee, its Owners, or both, as if Key Person were the Franchisee under the Agreement. The liabilities and obligations arising under Section 2 of this Key Personnel Agreement are independent liabilities and obligations of

each Key Person and are not contingent or conditioned upon Franchisor's pursuit of any remedies against Franchisee, any other Key Person, or any other person or entity. The liabilities and obligations arising under Section 2 of this Key Personnel Agreement will not be diminished, relieved, or otherwise affected by any extension of time or credit, the acceptance of any partial payment or performance, or the compromise or release of any claims.

4. Each provision of this Key Personnel Agreement is severable, and if any provision or part of a provision is held to be invalid or in conflict with any applicable present or future law or regulation, the other portions of this Key Personnel Agreement that remain otherwise intelligible will continue to be given full force and effect and bind the parties. If any covenant is deemed unenforceable by virtue of its scope, but would be enforceable by reducing any part or all of it, the parties agree that such covenant will be enforced to the fullest extent permissible under the laws and public policies applied in the jurisdiction whose law determines the covenant's validity. Any waiver of any Key Person's obligations under this Key Personnel Agreement must be in writing to be enforceable and will be without prejudice to any other rights Franchisor may have. Franchisor's failure to enforce any of the provisions of this Key Personnel Agreement is not a waiver of such provision.

5. This Key Personnel Agreement, together with the Agreement, supersedes all prior agreements and understandings, whether oral and written, among the parties relating to its subject matter, and there are no oral or other written understandings, representations, or agreements among the parties relating to the subject matter of this Key Personnel Agreement. This Key Personnel Agreement may be executed in multiple counterparts, but all such counterparts together shall be considered one and the same instrument. The provisions of this Key Personnel Agreement may be amended or modified only by written agreement signed by the party to be bound.

6. All controversies, disputes or claims arising out of or related to this Key Personnel Agreement or the relationship between any Key Person and Franchisor will be governed by the laws of the State of Delaware, without regard to its conflict of laws rules. If Franchisor is required to enforce this Key Personnel Agreement in a judicial proceeding, and prevails in such proceeding, Franchisor shall be entitled to reimbursement of its costs and expenses, including, but not limited to, reasonable accountants', attorneys', attorneys' assistants', and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses, and travel and living expenses, whether incurred prior to, in preparation for, or in contemplation of the filing of any such proceeding. If Franchisor is required to engage legal counsel in connection with any failure by any Key Person to comply with this Key Personnel Agreement, that Key Person shall reimburse Franchisor for any of the above-listed costs and expenses is incurs.

7. Subject to the arbitration obligations under the Agreement and the provisions below, each Key Person agrees that all actions arising under this Key Personnel Agreement or the Agreement, or otherwise as a result of the relationship between Franchisor and each Key Person, must be brought exclusively in the state or federal court of general jurisdiction in the state, and in (or closest to) the city where Franchisor maintains its principal business address at the time that the action is brought. Each Key Person irrevocably submits to the jurisdiction of those courts and waives any objection he, she or it might have to either jurisdiction or venue. Notwithstanding the foregoing, Franchisor may bring an action for a temporary restraining order or for temporary or preliminary injunctive relief, or to enforce an arbitration award or this Key Personnel Agreement, in any court in the jurisdiction in which the applicable Key Person resides or any of his, her or its assets are located. EACH KEY PERSON IRREVOCABLY WAIVES TRIAL

BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER FRANCHISOR OR KEY PERSON.

IN WITNESS WHEREOF, the parties have executed and delivered this Key Personnel Agreement effective on the date stated on the first page above.

Franchisor:

Glostation Franchising USA, Inc., a Delaware corporation

By: _____

Name: _____

Title: _____

Date: _____

KEY PERSON:

_____
[Signature]

_____
[Print Name]

_____
[Position]

_____
[Signature]

_____
[Print Name]

_____
[Position]

_____
[Signature]

_____
[Print Name]

_____
[Position]

EXHIBIT E
TO THE
SANDBOX VR® BUSINESS FRANCHISE AGREEMENT

PURCHASE OPTION

1. **Purchased Assets**. In addition to, and not in lieu or limitation of, all of Franchisor's rights and remedies set forth elsewhere in this Agreement and under applicable laws, Franchisor shall have the option (the "**Purchase Option**") to purchase from the Option Entity (defined below) and/or its respective Owners (as applicable, an "**Option Party**"), and the Option Parties shall sell to Franchisor, in accordance with the terms and conditions contained herein, all the assets and personal property of and used in the Franchised Business including, without limitation, inventories of items, materials, supplies, furniture, equipment, signs, and Sandbox VR Start-Up Equipment Packages, but excluding cash, short-term investments, and any items that do not meet Franchisor's specifications (collectively, the "**Purchased Assets**").

Franchisor shall have the right to assign its Purchase Option to any assignee without notice to or consent of any Option Party. Each Option Party shall take such actions as deemed necessary by Franchisor to implement the Purchase Option in good faith in a timely manner.

As used in this Section 1, the following terms shall have the following meanings:

(a) the term "**Option Entity**" means Franchisee and/or NewCo (defined below), as applicable; and

(b) the term "**NewCo**" means one or more new companies that Franchisee shall incorporate under applicable laws at the request of Franchisor in connection with the Purchase Option, and to which Franchisee shall transfer (i) the business of the Franchised Business, and (ii) this Agreement.

For the avoidance of doubt, the parties agree that the termination of this Agreement shall not cause the termination of this Purchase Option, which shall survive such termination as an independent agreement between the parties.

2. **Option Triggers**. Franchisor may exercise the Purchase Option by giving Franchisee an option notice (the "**Option Notice**") within thirty (30) days after termination by Franchisor (or its affiliate) of this Agreement or any other agreement between Franchisee (or its affiliate) and Franchisor (or its affiliate) or the expiration of this Agreement, and such Option Notice shall cover, in Franchisor's discretion, the Purchased Assets of the Franchised Business.

3. **Delivery of Option Notice**. The date of delivery of the Option Notice by Franchisor is the "**Option Date**." The date between (i) the option trigger date, and (ii) the earlier of the Option Date or the deadline to deliver the Option Notice, as set forth in Section 2 above, is the "**Consideration Period**." Upon receipt of the Option Notice, except as expressly set forth in this Exhibit E, Franchisee shall not sell or remove any of the Purchased Assets of the Franchised Business and shall give Franchisor and its designee full access to the Franchised Business and all the books and records at any time during customary business hours.

4. **Purchase Option Price**. The purchase price payable by Franchisor to exercise the Purchase Option (the "**Purchase Option Price**") shall be equal to eighty-five percent (85%) of

Fair Market Value of the Purchased Assets. The "**Fair Market Value**" shall be determined as follows:

(a) The independent appraisers (together the "**Appraisers**") shall be appointed pursuant to the provisions below for the determination of Fair Market Value. Each of the Appraisers shall (i) be a recognized investment bank or accounting firm of international standing, (ii) have experience with valuing franchises in the United States, and (iii) be independent of each of the parties.

(b) Within twenty (20) days after the Option Date, (i) Franchisor shall appoint one Appraiser (the "**Franchisor Appraiser**"), and (ii) Franchisee shall appoint one Appraiser (the "**Franchisee Appraiser**"). For purposes of this Section, Franchisee and its Owners shall be treated as one party and shall together appoint the one Franchisee Appraiser. The date upon which either the Franchisor Appraiser or the Franchisee Appraiser is appointed, whichever is later, shall be the "**Appointment Date**."

(c) Within sixty (60) days after the Appointment Date, each of the Franchisor Appraiser and the Franchisee Appraiser shall provide to both parties its opinion on Fair Market Value (each, a "**Valuation Amount**"). In determining the Valuation Amount, the Appraisers shall be instructed to follow these assumptions: (i) the Valuation Amount should not include any goodwill or similar value associated with the Marks, the Innovations, the Experiences, the Franchise System, Franchisor's proprietary software, the System Website, the Confidential Information, or Customer Data, all of which belong exclusively to Franchisor and its affiliates; (ii) the Valuation Amount should not include any goodwill or similar value associated with Third-Party Marks; (iii) the Valuation Amount should only include the depreciated value of the tangible assets within the physical premises of the Franchised Business; and (iv) the Valuation Amount will be reduced by any and all undisputed amounts owed by Franchisee and any of Franchisee's affiliates to Franchisor and any of Franchisor's affiliates.

(d) The higher of the Valuation Amounts provided by each of the Franchisor Appraiser and the Franchisee Appraiser shall be referred to as the "**Higher Number**." The lower of the Valuation Amounts provided by each of the Franchisor Appraiser and the Franchisee Appraiser shall be referred to as the "**Lower Number**." If the Higher Number is (i) less than or equal to one hundred and ten percent (110%) of the Lower Number, Fair Market Value shall be the arithmetic mean of the Higher Number and the Lower Number; or (ii) greater than one hundred and ten percent (110%) of the Lower Number, then Fair Market Value shall be determined in accordance with Section 4(e) below.

(e) If the Higher Number is greater than one hundred and ten percent (110%) of the Lower Number, then the parties shall in good faith agree on the third Appraiser (the "**Third Appraiser**") within twenty (20) days after either the Higher Number or the Lower Number is provided to both parties, whichever is later. If the parties fail to agree upon the identity of the Third Appraiser during such twenty (20)-day period, Franchisor shall appoint the Third Appraiser. The Third Appraiser shall provide to both parties its Valuation Amount within sixty (60) days after its appointment. The Valuation Amount provided by the Third Appraiser shall be the "**Third Number**." If the Third Number is (i) greater than or equal to the Higher Number, Fair Market Value shall be the Higher Number; (ii) lower than the Lower Number, Fair Market Value shall be the Lower Number; (iii) between the Higher Number and Lower Number, Fair Market Value shall be the arithmetic mean of (x) the Third Number and (y) whichever of the Higher Number and Lower Number is closest to the Third Number.

(f) The determination of Fair Market Value pursuant to this Section 4 shall be final and binding upon the parties.

(g) Each of Franchisor and Franchisee agrees to cooperate in good faith with all the Appraisers and shall provide such Appraisers with access to all information and personnel requested by such Appraisers in connection with the determination of Fair Market Value. Such requests may include, among other things, requests for financial projections, budget proposals, management presentations, accounting books and records and explanations by management with respect thereto. Each of Franchisor and Franchisee shall (i) pay the fees and expenses of the Appraiser it appoints; and (ii) if applicable, share equally the fees and expenses of the Third Appraiser.

(h) Each of the Appraisers shall be instructed to act on the following basis: (i) prior to its appointment, it shall confirm its neutrality, independence and absence of conflicts in determining Fair Market Value; (ii) it shall comply with the terms of this Agreement and shall act as an expert and not as an arbitrator; and (iii) it shall, in making its determination, not be bound or constrained by any representations made by a party but shall take cognizance of them.

5. **Notice**. Within one hundred fifty (150) days following the Appointment Date (the "**Option Period**"), Franchisor may, at its sole and absolute judgment, elect to proceed with the consummation of the Purchase Option by delivering a written notice to the relevant Option Parties (the "**Purchase Notice**"), which notice shall specify the Purchase Option Price and the proposed Option Closing Date (as defined below). Franchisor may condition any purchase upon completion of an audit in accordance with the general accepted accounting principles used in the United States.

6. **Option Closing Date**. The closing of the sale of the Purchased Assets (the "**Option Closing Date**") to Franchisor shall occur as promptly as practicable following the completion of such due diligence that is customary for this sort of transaction, as Franchisor in its sole and absolute judgment may deem necessary or desirable and the receipt of any necessary approval from, or the making of any necessary filing with, any applicable governmental authority. At the closing of such sale, Franchisor shall be entitled to, without further consideration, all usual and customary agreements (including the duly executed share or equity purchase agreement), covenants, representations and warranties, and other closing documents (including, if applicable, asset or share transfer forms and delivery instruction forms) and post-closing indemnifications as Franchisor may reasonably require, with all sales, business, value added and other transfer taxes paid by the relevant seller in accordance with applicable laws, including: (a) instruments transferring to Franchisor good and merchantable title to the Purchased Assets, free and clear of any Encumbrances; and (b) the right to conduct a physical inspection of the Franchised Business. All relevant Option Parties shall take further actions as may be necessary under applicable laws to consummate and make effective, in the most expeditious manner practicable, the sale of the Purchased Assets free and clear of any Encumbrances (except as provided under applicable laws) to Franchisor. For the purpose of this Agreement, "**Encumbrance**" means any and all liens, encumbrances, charges, security interests, options, claims, mortgages, pledges, proxies, voting trusts or agreements, obligations, reversions, reverters, restrictive covenants, conditions, understandings or arrangements or other restrictions of any kind whatsoever, including any restriction on the title, transfer, use, voting, receipt of income or other exercise of any attributes of ownership of any kind whatsoever.

7. **Leases**. Franchisee shall use its best efforts to transfer the Lease of the Franchised Business to Franchisor (or its designee) in connection with the exercise of the Purchase Option.

If any of Franchisee's affiliates directly or indirectly owns the land (or the equivalent rights under applicable laws) or the building of the Franchised Business, then Franchisee shall cause such affiliate to grant to Franchisor a lease. Any dispute concerning the rental rates and lease terms shall be resolved by Deloitte (or any other accounting firm of similar size and reputation as designated by Franchisor).

8. **Full Payment**. Payments (if any) by Franchisor to the relevant Option Parties of the full amount of the Purchase Option Price shall constitute full payment for the Purchased Assets. If any Option Party cannot deliver clear title to all of the Purchased Assets (except as provided under applicable laws), the closing of the sale may, at Franchisor's option, be accomplished through an escrow on such terms and conditions as Franchisor deems appropriate, including the making of payments, to be deducted from the Purchase Option Price directly to third parties in order to obtain clear title to any Purchased Assets. Further, all relevant Option Parties shall comply with all applicable laws and local tax notification and escrow procedures.

9. **Enforcement of Purchase Option**. The parties acknowledge and agree that Franchisor's right to exercise the Purchase Option may be enforced by injunctive relief or an order of specific performance issued by an arbitration panel or court as specified under the terms of this Agreement.

10. **Receipt of Option Notice**. During the Consideration Period, and then upon the delivery of the Option Notice, and pending: (a) determination of Fair Market Value; (b) the Option Period; and (c) the closing of the purchase of the Purchased Assets, Franchisee and other relevant Option Parties shall, subject to supervision by one or more Franchisor-appointed managers: (i) cooperate with Franchisor's due diligence requests; (ii) cause the Franchised Business to be operated in compliance with the terms of this Agreement, subject to the supervision and control of Franchisor (to the extent permitted by applicable laws); (iii) not sell any significant portion of its assets in one transaction or a related series of transactions; (iv) not permit Franchisee to create, incur or assume any additional debt; (v) cause Franchisee to pay or otherwise satisfy (except if being contested in good faith and subject to any applicable grace period) all other indebtedness and liabilities (including taxes and trade payables) of Franchisee as and when the same shall become due and payable on a basis consistent with past practice; (vi) not permit Franchisee to securitize any of its receivables; (vii) not take any action for purposes of liquidation of Franchisee or the Franchised Business, making any general assignment for the benefit of Franchisee's creditors, making a voluntary filing of a petition in commercial insolvency or consenting to the filing of any other proceeding for the appointment of a receiver, a conciliator or an auditor of such Entity or other custodian or similar official for all or any portion of the business or assets thereof; (viii) remain subject to the terms of this Agreement; and (ix) cause Franchisee not to declare or pay any distribution or dividend to holders of Ownership Interests in Franchisee.

11. **Transition Services**. Upon the delivery of the Purchase Notice, then:

(a) Assumption of Operations. Franchisor (or its designee) shall be entitled immediately to assume the operation of the Franchised Business;

(b) Government Approvals. Franchisee shall cooperate with Franchisor in connection with the receipt of any approval from any governmental authority required to ensure the continuous operation of the Franchised Business; and

(c) Services. Franchisee shall provide to Franchisor any services required to ensure the continuous operation of the Franchised Business (the "**Services**"), in accordance with the procedures and standards set forth below:

1. Franchisor and Franchisee shall each nominate a representative to act as the "primary contact person" with respect to the performance of the Services (each, a "**Service Coordinator**"). Unless otherwise agreed, all communications relating to the Services shall be directed to the Service Coordinators. For the purpose of this Section, Franchisee and Owner shall be treated as one party and together shall nominate one representative;

2. Franchisee shall (and shall cause any person performing services on its behalf to) use best efforts, skill and judgment in providing the Services;

3. Franchisee shall reasonably cooperate with Franchisor in all matters relating to the provision of the Services and perform all obligations under this Agreement in good faith and in accordance with principles of fair dealing and refrain from any willful or intentional misconduct, gross negligence or violation of applicable laws;

4. Franchisee shall use its best efforts to cause any third party whose actions are necessary to the provision of the Services to cooperate with Franchisor in connection therewith;

5. Franchisor shall use commercially reasonable efforts to: (i) provide information and documentation necessary for Franchisee to perform the Services; (ii) make available, as reasonably requested by Franchisee, sufficient resources; and (iii) make or provide timely decisions, approvals and acceptances in order that Franchisee may perform the Services in a timely and efficient manner; and

6. In consideration for the Services, Franchisor shall pay to Franchisee all direct costs of Franchisee in providing the Services, including any reasonable and documented out-of-pocket expenses.

[SIGNATURE PAGE IMMEDIATELY FOLLOWING]

IN WITNESS WHEREOF, each of the undersigned has executed this Purchase Option effective as of the Agreement Date.

GLOSTATION FRANCHISING USA, INC.	**[FRANCHISEE ENTITY]**
By:_____	By:_____
Name:_____	Name:_____
Title: _____	Title: _____
Signing Date:_____	Signing Date:_____

EXHIBIT C

DEVELOPMENT RIGHTS AGREEMENT

SANDBOX VR® BUSINESS
DEVELOPMENT RIGHTS AGREEMENT

THIS DEVELOPMENT RIGHTS AGREEMENT (the "**Agreement**") is made and entered into as of this _____ day of _____, 20___ (the "**Agreement Date**"), regardless of the date of the parties' signatures, between **GLOSTATION FRANCHISING USA, INC.**, a Delaware corporation with its principal business address at 4695 Chabot Drive, Suite 200, Pleasanton, California, 94588 ("**Franchisor**") and _____, whose principal business address is _____ ("**Developer**").

1. **Background**. Franchisor and Developer (or its Controlled Affiliate, as defined below) are simultaneously signing a Franchise Agreement dated as of _____, 20__ (the "**Initial Agreement**") under which Developer (or its Controlled Affiliate) will operate a Sandbox VR Business (the "**First Developer Business**") in or at _____. All capitalized terms used but not defined in this Agreement shall have the meanings in the Initial Agreement. Franchisor and Developer are signing this Agreement to provide Developer the right and obligation to develop a number of Sandbox VR Businesses within a certain geographic area over a certain period of time. Franchisor is willing to grant Developer these development rights if Developer complies with the terms of this Agreement.

2. **Grant of Development Rights**. Subject to Developer's (and its affiliates') compliance with this Agreement, the Initial Agreement, and all other franchise and other agreements between Franchisor (or its affiliate) and Developer (or its affiliate) (collectively, the "**Related Agreements**"), Franchisor hereby grants Developer and/or any of Developer's approved Controlled Affiliates (defined below) the right, and Developer assumes the obligation, to sign Franchise Agreements (defined in Section 6) to develop and operate the number of Sandbox VR Businesses identified on Exhibit A (including the First Developer Business, collectively, the "**Developer Businesses**") according to a development schedule identified on Exhibit A (the "**Development Schedule**"), and within a geographic area identified on Exhibit B (the "**Development Area**"). "**Controlled Affiliate**" means any corporation, limited liability company or other Entity of which Developer owns one hundred percent (100%) or more of the total authorized Ownership Interests.

3. **No Sandbox VR Businesses in Development Area**. If Developer is complying with this Agreement, and Developer and its affiliates are fully complying with all of the Related Agreements, then during the term of this Agreement only, neither Franchisor nor its affiliates will operate, or authorize any other party to operate, a Sandbox VR Business, the physical premises of which are located within the Development Area, except for (a) franchises Franchisor grants to Developer and its approved Controlled Affiliates, and (b) Sandbox VR Businesses located at Non-Traditional Locations. Franchisor (and any affiliates that Franchisor might have from time to time) shall at all times have the right to engage in any activities Franchisor or they deem appropriate that are not expressly prohibited by this Agreement, whenever and wherever Franchisor or they desire, including, without limitation, those which Franchisor now reserves in Section 3.B of the Initial Agreement. Upon expiration or termination of this Agreement, Franchisor (and its affiliates) may operate, and authorize any other parties to operate, Sandbox VR Businesses, the physical premises of which are located within the Development Area and engage, and allow others to engage, in any other activities Franchisor desires within and outside the Development Area without any restrictions whatsoever, subject only to Developer's (or its Controlled Affiliate's) rights under then existing franchise agreements with Franchisor.

4. **Development Fee**. Simultaneously with signing this Agreement, Developer must pay Franchisor a "**Development Fee**" of _____ Dollars ($_____), which is equal to one hundred percent (100%) of the initial franchise fee for each Developer Business that Developer commits to develop under this Agreement. The Development Fee is fully earned by Franchisor when Franchisor and Developer sign this Agreement and is non-refundable, even if Developer does not comply with the Development Schedule, although Franchisor will apply the Development Fee as provided in Section 6.

5. **Development Obligations**. To maintain its rights under this Agreement, Developer (and/or approved Controlled Affiliates) must, for each Developer Business: (a) sign a Franchise Agreement on or before the applicable date set forth on the Development Schedule (the "**FA Signing Deadline**); and (b) open and begin operating the Developer Business in accordance with the applicable Franchise Agreement on or before the applicable date set forth on the Development Schedule (the "**Business Opening Deadline**"). Time is of the essence under this Agreement. If Developer wants to request a sixty (60)-day extension of the FA Signing Deadline and/or the Business Opening Deadline for any Developer Business, Developer must submit a written request and a Two Thousand Five Hundred Dollar ($2,500) extension fee to Franchisor before the applicable deadline. If Franchisor grants the extension, the extension fee will be non-refundable. If Franchisor denies the extension, Franchisor will refund the extension fee. Nothing in this Section 5 requires Franchisor to grant any extension. Notwithstanding the foregoing, Franchisor shall waive the extension fee for the first extension request submitted by Developer under this Development Rights Agreement.

6. **Form of Franchise Agreement**. The franchise agreement and related documents that Developer (or its Controlled Affiliate) signs for each Developer Business (other than the First Developer Business) will be the form of franchise agreement and any ancillary agreements that Franchisor then customarily uses in granting franchises for Sandbox VR Businesses (collectively, the "**Franchise Agreement**"), any or all of the terms of which may differ substantially from the terms contained in the Initial Agreement, except that, under the Franchise Agreement for the third and each subsequent Developer Business, the initial franchise fee will be equal to eighty percent (80%) of the then current initial franchise fee for a franchisee's first Sandbox VR Business. At the time Developer signs each Franchise Agreement, Franchisor will credit a portion of the Development Fee that Developer paid for such Sandbox VR Business toward the initial franchise fee that is due for each such Sandbox VR Business. To retain Developer's rights under this Agreement, each Developer Business must operate continuously throughout the term of this Agreement.

7. **No Sublicensing Rights or Rights to Use Marks**. This Agreement does not grant Developer any right to license others to operate Sandbox VR Businesses. Only Developer (and its approved Controlled Affiliates) may develop Sandbox VR Businesses pursuant to this Agreement and only under Franchise Agreements with Franchisor. This Agreement does not grant Developer any right to use, or authorize others to use, the Marks or any Third-Party Marks in any manner. Developer's right to use the Marks and Third-Party Marks arises only under Franchise Agreements with Franchisor. Franchisor's affiliate owns all rights to the Marks, and Developer's unauthorized use of the Marks is an infringement of Franchisor's and its affiliate's rights and a breach of this Agreement.

8. **Site Acceptance**. To propose a site for each Developer Business, Developer must deliver to Franchisor: (a) a complete site report and other materials and information Franchisor requests for that location, and (b) information that Franchisor requests relating to

Developer's (or its Controlled Affiliate's) financial and operational ability to develop and operate the proposed Developer Business (collectively, the "**Site Report**"). Without limiting the generality of the foregoing, Franchisor may require Developer, at Developer's expense, to submit as part of the Site Report a site analysis prepared by a third-party vendor designated by Franchisor. If Franchisor elects, at its sole option, to send Franchisor personnel to the Development Area to review, evaluate, and/or tour with Developer one or more proposed sites for Sandbox VR Businesses, Developer must reimburse Franchisor for its and its personnel's costs and expenses incurred in connection with each such visit. Each proposed site, which must meet Franchisor's then current site selection criteria for Sandbox VR Businesses, must be available for lease or purchase in time for Developer to develop and open a Developer Business at that site on or before the applicable Business Opening Deadline. For each Developer Business, Franchisor will provide Developer up to three (3) test fit layouts at no additional charge to confirm that a Sandbox VR Business can be operated at the proposed site(s) for that Developer Business. Franchisor will charge Developer a design services fee of Three Thousand Dollars ($3,000) per test fit layout for the fourth (4th) and each subsequent test fit layout (if any) for that Developer Business. Franchisor agrees to exercise commercially reasonable efforts in reviewing and evaluating proposed sites. Franchisor will not unreasonably withhold its acceptance of a site that meets its then current criteria for demographic characteristics; access; traffic patterns; parking; visibility; 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. In determining whether to accept or reject a proposed site, Franchisor also may consider the site's proximity both to the Development Area's boundaries and to other existing or potential sites for Sandbox VR Businesses located outside the Development Area and at Non-Traditional Locations within the Development Area. Franchisor will use commercially reasonable efforts to review and either accept or reject a site that Developer proposes within thirty (30) days after receiving the complete Site Report and any other materials Franchisor may reasonably request; provided, however, that if Franchisor elects to visit the proposed site prior to approval, then Franchisor shall use commercially reasonable efforts to visit such proposed site within thirty (30) days after receiving the complete Site Report, after which visit Franchisor will use commercially reasonable efforts to accept or reject the proposed site within thirty (30) days.

Despite any assistance, information or recommendations that Franchisor provides with respect to any site, Franchisor has made and will make no representations or warranties of any kind, express or implied, of the suitability of any site for a Sandbox VR Business or any other purpose. Franchisor's recommendation or acceptance of a site indicates only that Franchisor believes that the site meets or has the potential to meet, or that Franchisor has waived, the general criteria of site acceptability that Franchisor has established as of that time. Applying criteria that have appeared effective for other sites might not accurately reflect the potential for all sites, and, after Franchisor recommends or accepts a site, demographic and/or other factors included in or excluded from Franchisor's site criteria could change, thereby altering a site's potential. The uncertainty and instability of these criteria are beyond Franchisor's control, and Franchisor is not responsible if a site fails to meet Franchisor's or Developer's expectations. Developer's acceptance of the rights under this Agreement is based on Developer's agreement to investigate the suitability of sites.

If Franchisor has not accepted Developer's (or its Controlled Affiliate's) proposed site for any Developer Business as of the date the Developer (or its Controlled Affiliate) signs the Franchise Agreement for the development and operation of such Developer Business, the site selection provisions of the applicable Franchise Agreement shall govern Franchisor's and

Developer's (or its Controlled Affiliate's) rights and obligations with respect to selection and acceptance of that site.

9. **Grant of Franchises**. Developer or its approved Controlled Affiliate (and Developer's or its owners) must sign a separate Franchise Agreement and related documents for each Developer Business. If Developer or its Controlled Affiliate (and Developer's or its owners) do not sign a separate Franchise Agreement within the time periods set forth in the Development Schedule, or do not open and begin operating the Developer Business under that Franchise Agreement within the time periods set forth in the Development Schedule, then Franchisor may terminate this Agreement according to Section 12. After Developer (or its Controlled Affiliate) signs the Franchise Agreement and related documents, their terms and conditions will control the development and operation of the Developer Business.

10. **Confidentiality and Non-Competition**. Sections 11.A, 11.C and 12 of the Initial Agreement, entitled "Confidential Information," "Innovations" and "Exclusive Relationship," are incorporated by reference in this Agreement as if fully restated within the text of this Agreement. Developer agrees to comply, and ensure that the Developer Owners (defined below) comply, with the provisions of Sections 11.A, 11.C and 12 of the Initial Agreement applicable to Franchisee. "**Developer Owner**" means any individual or Entity holding a direct or indirect Ownership Interest (whether of record, beneficially, or otherwise) in Developer.

11. **Term and Termination**. The term of this Agreement begins on the Agreement Date and ends on the date when the final Franchise Agreement under the Development Schedule has been signed or this Agreement otherwise is terminated under Section 12, whichever occurs first.

12. **Termination**. Without limiting Franchisor's termination and other rights under any other Related Agreement or applicable law, Franchisor may terminate this Agreement, effective upon delivery of written notice of termination to Developer, if:

(a) Developer or any of the Developer Owners has made or makes any material misrepresentation or omission in acquiring the rights under this Agreement or operating the business under this Agreement;

(b) Developer or any of the Developer Owners either (i) engages in any dishonest, unethical or illegal conduct that, in Franchisor's reasonable opinion, adversely affects or might adversely affect the reputation of Developer's business, the reputation of other Sandbox VR Businesses or the goodwill associated with the Marks, or (ii) is convicted by a trial court of or pleads no contest to a felony;

(c) Developer or any of the Developer Owners breaches any provision of this Agreement, including, without limitation, any failure to comply with the Development Schedule; or

(d) Developer or any of its Controlled Affiliates breaches or is in default under, or Franchisor (or its affiliate) terminates for any reason, any other Related Agreement.

13. **Termination of Other Rights**. In addition to and without limiting Franchisor's other rights and remedies under this Agreement, any other Related Agreement and applicable law, upon the occurrence of any of the events that give rise to Franchisor's right to terminate

this Agreement under Section 12, Franchisor may, at its sole option and upon delivery of written notice to Developer, elect to take any or all of the following actions without terminating this Agreement:

(a) temporarily suspend or permanently terminate Developer's right to develop new Sandbox VR Businesses in any geographic area that is part of the Development Area, in which event (i) Developer's rights and the restrictions on Franchisor and its affiliates under Section 3 of this Agreement shall no longer apply in that geographic area, and (ii) Franchisor (and its affiliates) may operate, and authorize any other parties to operate, Sandbox VR Businesses, the physical premises of which are located within that geographic area and engage, and allow others to engage, in any other activities Franchisor desires within that geographic area without any restrictions whatsoever, subject only to Developer's (or its Controlled Affiliate's) rights under then existing franchise agreements with Franchisor; and/or

(b) reduce the number of remaining Developer Businesses to be developed under the Development Schedule, in which event Developer shall comply with the reduced Development Schedule that Franchisor provides in its written notice. For the avoidance of doubt, upon Franchisor's exercise of its rights under this Section 13(b), Franchisor is not required to refund any portion of the Development Fee paid with respect to the Developer Businesses that Developer is no longer permitted or required to develop, nor required to apply any of that portion of the Development Fee towards the initial franchise fee payable under Franchise Agreements that Developer (or its Controlled Affiliate) signs thereafter.

Franchisor's exercise of its rights under this Section 13 will not be a defense for Developer to Franchisor's enforcement of any other provision of this Agreement or any other Related Agreement or, except as provided in Section 13(b), waive or release Developer from any of its other obligations under this Agreement or any Related Agreement. Franchisor's exercise of these rights will not be Franchisor's sole or exclusive remedy for Developer's default.

14. **Transfer by Franchisor**. Developer represents that it has not signed this Agreement in reliance on any affiliate's, owner's, officer's or employee's remaining with Franchisor in that capacity. Franchisor may change its ownership or form and/or assign this Agreement without Developer's consent or any other restriction. This Agreement will inure to the benefit of any transferee or other legal successor to Franchisor's interest in it. After Franchisor's assignment of this Agreement to a third party who expressly assumes Franchisor's obligations under this Agreement, Franchisor no longer will have any performance or other obligations under this Agreement. Such an assignment shall constitute a release of Franchisor and novation with respect to this Agreement, and the assignee shall be liable to Developer as if it had been an original party to this Agreement.

15. **Ownership of and Transfer by Developer**.

(a) If Developer is an Entity, Developer represents and warrants that Exhibit C to this Agreement completely and accurately describes all Developer Owners and the Ownership Interests of each Developer Owner.

(b) Developer acknowledges that the rights and duties this Agreement creates are personal to Developer and the Developer Owners and that Franchisor has

granted Developer the rights under this Agreement in reliance upon Franchisor's perceptions of the character, skill, aptitude, business ability and financial capacity of Developer and the Developer Owners. These rights are personal to Developer and the Developer Owners. Therefore, Developer and the Developer Owners agree that neither Developer nor any of the Developer Owners may transfer this Agreement or any of the Ownership Interests in Developer (whether directly or indirectly) without Franchisor's prior written approval, which Franchisor may grant or withhold for any or no reason.

16. **Incorporation of Other Terms**. Sections 17 and 18 of the Initial Agreement, entitled "Relationship of the Parties/Indemnification" and "Enforcement," respectively, including (without limitation) the provisions relating to arbitration of disputes, are incorporated by reference in this Agreement and will govern all aspects of Franchisor's relationship and the construction of this Agreement as if fully restated within the text of this Agreement. Developer agrees to comply, and ensure the Developer Owners comply, with the provisions of Sections 17 and 18 of the Initial Agreement applicable to Franchisee. This Agreement, together with the Initial Agreement, supersedes all prior agreements and understandings, whether oral and written, between the parties relating to its subject matter, and there are no oral or other written understandings, representations, or agreements between the parties relating to the subject matter of this Agreement. Notwithstanding the foregoing, nothing in this Agreement shall disclaim or require Developer to waive reliance on any representation that Franchisor made in the most recent disclosure document (including its exhibits and amendments) that Franchisor delivered to Developer or its representative. This Agreement may be signed by written or electronic signature and in multiple counterparts, but all such counterparts together shall be considered one and the same instrument. The provisions of this Agreement may be amended or modified only by written agreement signed by the party to be bound.

17. **No Waiver or Disclaimer of Reliance in Certain States**. The following provision applies only to Sandbox VR Business franchisees and franchises that are subject to state franchise registration/disclosure laws in California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, or Wisconsin:

> No statement, questionnaire, or acknowledgment signed or agreed to by Developer in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by Franchisor, any franchise seller, or any other person acting on behalf of Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties have executed and delivered this Agreement effective on the Agreement Date stated on the first page above.

FRANCHISOR

GLOSTATION FRANCHISING USA, INC., a Delaware corporation

By:_____
Name: _____
Title: _____

Date: _____, 20___

DEVELOPER

(IF ENTITY):

_____
[Name]

By:_____
Name:_____
Title:_____

Date: _____, 20___

(IF INDIVIDUALS):

_____
[Signature]

_____
[Print Name]

_____
[Signature]

_____
[Print Name]

Date: _____, 20___

EXHIBIT A
TO THE
SANDBOX VR® BUSINESS DEVELOPMENT RIGHTS AGREEMENT

DEVELOPMENT SCHEDULE

Developer or its Controlled Affiliates must sign Franchise Agreements for Sandbox VR Businesses on or before the dates listed in the FA Signing Deadline column below, and must develop, open and begin operating the Developer Businesses pursuant to the Initial Agreement and those other Franchise Agreements on or before the dates listed in the Cumulative Number of Developer Businesses Open and Operating by the Business Opening Deadline column below.

FA Signing Deadline	Business Opening Deadline	Cumulative Number of Developer Businesses Open and Operating by the Business Opening Deadline
Agreement Date (for Initial Agreement)		1

Note If Franchisor agrees in writing to an extension of the FA Signing Deadline and/or Business Opening Deadline for a particular Developer Business pursuant to Section 5, then the extended deadline(s) shall be substituted for the deadline(s) specified in this table.

(*Signature page follows*)

FRANCHISOR

GLOSTATION FRANCHISING USA, INC., a Delaware corporation

By:_____
Name: _____
Title: _____

Date: _____, 20___

DEVELOPER

(IF ENTITY):

_____
[Name]

By:_____
Name:_____
Title:_____

Date: _____, 20___

(IF INDIVIDUALS):

_____
[Signature]

_____
[Print Name]

_____
[Signature]

_____
[Print Name]

Date: _____, 20___

EXHIBIT B
TO THE
SANDBOX VR® BUSINESS DEVELOPMENT RIGHTS AGREEMENT

DEVELOPMENT AREA

The Development Area is defined as the entire territory encompassed by _____ in the State of _____, as the boundaries of that territory exist on the Agreement Date.

FRANCHISOR

GLOSTATION FRANCHISING, USA, INC., a Delaware corporation

By:_____
Name: _____
Title: _____

Date: _____, 20___

DEVELOPER

(IF ENTITY):

_____
[Name]

By:_____
Name:_____
Title:_____

Date: _____, 20___

(IF INDIVIDUALS):

_____
[Signature]

_____
[Print Name]

_____
[Signature]

_____
[Print Name]

Date: _____, 20___

EXHIBIT C
TO THE
SANDBOX VR® BUSINESS DEVELOPMENT RIGHTS AGREEMENT

DEVELOPER OWNERS

Effective Date: This Exhibit C is current and complete as of _____, 20___

1. **Form of Developer**. Developer was incorporated or formed on _____, 20__, under the laws of the State of _____. Developer has not conducted business under any name other than Developer's corporate, limited liability company, or partnership name and _____. The following is a list of Developer's directors or managers (if applicable) and officers as of the effective date shown above:

Name	Position(s) Held

2. **Owners**. The following list includes the full name of each person who is one of Developer's direct or indirect Owners and fully describes the nature of each Owner's interest (attach additional pages if necessary).

	Owner's Name	Description of Interest
(a)		
(b)		
(c)		
(d)		

FRANCHISOR

GLOSTATION FRANCHISING USA, INC., a Delaware corporation

By:_____
Name: _____
Title: _____

Date: _____, 20___

DEVELOPER

(IF ENTITY):

_____
[Name]

By:_____
Name:_____
Title:_____

Date: _____, 20___

(IF INDIVIDUALS):

_____
[Signature]

_____
[Print Name]

_____
[Signature]

_____
[Print Name]

Date: _____, 20___

EXHIBIT D

PROPRIETARY SOFTWARE LICENSE AGREEMENT

PROPRIETARY SOFTWARE LICENSE AGREEMENT

THIS SOFTWARE LICENSE AGREEMENT ("Agreement") is made and entered into as of _____ ("Effective Date") by and between Glo Big Boss Limited ("Licensor") and _____ ("Licensee").

RECITALS

Licensee and GloStation Franchising USA, Inc. ("Franchisor"), have entered into a Franchise Agreement (the "Franchise Agreement") for the operation of a Sandbox VR Business ("Franchised Business") which offers live-action, hyper reality experiences, including virtual reality and physical adventures, with a full body tracking system ("Services").

Under this Agreement, Licensor grants Licensee a license to use the Software and Content in accordance with Section 4, together with the provision by Licensor of the Support Services. Licensor desires to provide such use and services to Licensee on the terms and conditions set forth in this Agreement.

NOW THEREFORE, the parties agree as follows:

1. Definitions. Capitalized terms not defined in this Agreement will have the meanings given them in the Franchise Agreement.

a. **"Content"** means Licensor's live-action, hyper reality experiences and games listed in Exhibit A hereto (which may be updated periodically), including any Updates, supplied to Licensee by Licensor pursuant to this Agreement.

b. "**Defect**" and **"Defective"** means any defect or error with the Software or Content, including a failure by the Software or Content to comply with the Specification and/or the Documentation (or unexpected behavior of the Software or Content which deviates from the Specification and/or the Documentation).

c. "**Documentation**" means all manuals, user documentation, and other related materials pertaining to the Software or the Content which are furnished to Licensee by Licensor.

d. "**Feedback**" means bug reports, comments, feedback or ideas about the Licensed Materials.

e. "**Fix**" means the permanent correction of a Defect and includes the provision to Licensee of any amendments to the Documentation that are required as a result of such correction.

f. "**Intellectual Property Rights**" means all intellectual property rights throughout the world, including but not limited to copyrights, trade secrets, trademarks, trade names, patents, inventions, designs, logos and trade dress, "moral rights," mask works, right of personality, publicity or privacy, and any other intellectual property rights and proprietary rights.

g. "**Licensed Materials**" means the Content, the Software and the Documentation.

h. "**Licensee Hardware**" means the hardware products purchased by Licensee to use with the Licensed Materials at the Franchised Business, which may include computers, digital media players, digital signal processors and tablets.

i. "**Malicious Software**" means any software program or code intended to destroy, interfere with, corrupt, or cause undesired effects on hardware, program files, data or other information, executable code or application software macros, whether or not its operation is immediate or delayed, and whether the malicious software is introduced willfully, negligently or without knowledge of its existence and includes computer programs commonly referred to as worms, trojan horses, time or logic bombs, and disabling codes or routines.

j. "**Service Levels**" means the service levels applicable to the Support Services, as set out in Exhibit B hereto.

k. "**Software**" means the software, data files, programs, operating interface and information and data messages that are embedded in or communicated to or from any products, including any Updates, supplied to Licensee by Licensor pursuant to this Agreement.

l. "**Specification**" means the specification for the Software and Content, as further described in Exhibit A hereto.

m. "**Support Request**" means any request by Licensee for Licensor to provide Support Services, such request to be made in accordance with Exhibit B hereto.

n. **"Third Party Service Provider**" means any contractor, agent or third party service provider providing any goods, software or services to Licensee; provided that such parties are bound by obligations of confidentiality and Licensee will be responsible for any breach of the obligations in this Agreement by such Third Party Service Providers.

o. "**Updates**" means any error corrections, bug fixes, patches, enhancements, new features, modifications, subsequent releases or other updates to the Licensed Materials that Licensor generally provides to its licensees.

p. "**Version**" means a new version of the Software or Content that contains significant new features and/or functionality and does not mean bug fixes, patches, maintenance releases or modifications of a minor nature for the Software or Content. A new Version is identified by a different sub-heading number (e.g., 5.4 and 5.5 are separate Versions).

q. "**Warranty Period**" means the warranty period for the Software and Content specified in Exhibit A hereto.

r. "**Workaround**" means a workaround or temporary correction of a Defect which permits Licensee to use the Software and/or Content without any material degradation in functionality or performance.

2. Delivery. Licensor will pre-install and embed the Software and Content on the Licensee Hardware prior to its delivery to the Franchised Business as part of the Sandbox VR Start-Up Equipment Package. The Licensee Hardware and related Documentation will be delivered at least three weeks prior to the opening date of the Franchised Business.

3. Delays. If Licensor becomes aware that the performance of any of its obligations under this Agreement relating to the delivery of the Hardware and related Documentation

under Section 2 will, or is likely to, be delayed for any reason such that Licensor will not comply with any timescales or milestones set out in this Agreement, then Licensor must notify Licensee accordingly. Any notice from Licensor under this Section must specify the cause and expected duration of the delay, together with the likely effect of the delay on the performance of its obligations under this Agreement. Licensor must take all commercially reasonable steps to minimize the effect of the delay on the performance of its obligations under this Agreement.

4. Grant Of Rights.

a. During the Term (as defined in Section 14) and subject to the terms and conditions of this Agreement, Licensor hereby grants Licensee a limited, royalty-free, non-transferable (other than in accordance with Section 25), non-sublicensable, non-exclusive license to:

i. use the Licensed Materials, including all relevant Updates, solely in connection with the operation of the Franchised Business. Licensor will incorporate and embed the Software and Content in the products and deliver those products together with any Documentation as provided in Section 2. The Software and Content may only be used on the products in which it was initially installed;

ii. configure the Software and Content in accordance with the configuration tools forming part of the Software and Content; and

iii. make as many copies of the Software, Content and the Documentation as Licensee considers necessary to make full use of the Software and Content or for backup and security purposes, in each case solely in connection with the operation of the Franchised Business.

5. Rights And Restrictions.

a. Licensor's Rights. Licensee agrees that the Licensed Materials are proprietary to Licensor, or its affiliates or licensors, and are protected under copyright law, trade secret law, and laws governing confidential information. Licensee further acknowledges and agrees that all right, title, and interest in and to the Licensed Materials, including Intellectual Property Rights, are and will remain with Licensor, its affiliates, and their licensors (as applicable) except as set out in this Agreement. This Agreement does not convey to Licensee any title or interest in or to the Licensed Materials, but only a limited right of use in accordance with the terms of this Agreement. Licensor, its affiliates and licensors (as applicable) reserve all worldwide rights not expressly granted under this Agreement.

b. Restrictions on Licensee.

i. Except as permitted under this Agreement to provide the Services at the Franchised Business, Licensee may not: **(A)** distribute, sub-license or otherwise transfer all or any part of the Licensed Materials or any part thereof to any other person; or **(B)** reproduce, publish, rent, lease, sell, modify, loan, display or perform the Licensed Materials or any part thereof.

ii. Licensee may not: **(A)** reverse engineer, decompile or disassemble the Licensed Materials or any part thereof; **(B)** attempt to create the source code from the object code for the Licensed Materials; **(C)** prepare derivative works based on the Licensed Materials; **(D)** transmit the Licensed Materials over any network or via a hacking device, except that Licensee may use the Licensed Materials to make transmissions of diagnostic data

messages that are authorized or required by Licensor and Licensee may receive Updates authorized by Licensor; or **(E)** remove or obliterate any copyright, trademark or other Intellectual Property Rights notices from the Licensed Materials, except as expressly permitted in writing by Licensor or its licensors.

6. Documentation. Licensor must ensure that the Documentation contains sufficient information to enable Licensee to make full and proper use of the Software and Content and is presented in a clear and accurate manner.

7. License Fee. Licensor and Licensee agree and acknowledge that the license fee for the Licensed Materials is included in the initial franchise fee and Experience Fee payable by Licensee pursuant to the Franchise Agreement.

8. Updates; Support; Service Levels; Feedback.

a. Updates. During the Term, Licensor will deliver all Updates to Licensee. Licensee agrees to provide access and assistance to Licensor as necessary for such Updates. All Updates will be the sole property of Licensor, but will be included in the license set forth in Section 4.

b. No Liability. Notwithstanding anything to the contrary, Licensor will have no liability under this Section where any error or defect is identified to have been caused solely by any of the following: **(i)** operations and maintenance of the products or the Licensed Materials carried out by any person contrary to the instructions set out in any Documentation or other manuals, documents and information circulars provided to Licensee in writing by Licensor; **(ii)** equipment, software, materials, works or services not supplied or approved by Licensor; or **(iii)** the products or the Licensed Materials, or any part thereof, having been altered, upgraded or modified by Licensee or any third party without the written consent of Licensor.

c. Support Services. During the Term, Licensor must provide to Licensee Support Services in relation to the Software and Content, as described in Exhibit B hereto, in accordance with the terms of this Agreement.

d. Feedback. Licensee may submit to Licensor Feedback from time to time. By submitting any Feedback, Licensee hereby assigns to Licensor all right, title, and interest in and to the Feedback, if any. Nothing in this Agreement will restrict Licensor's right to use, profit from, disclose, publish, keep secret, or otherwise exploit any Feedback for improving, marketing or otherwise modifying any of Licensor's products or services, without compensating or crediting Licensee.

9. Confidentiality. Section 11 of the Franchise Agreement is incorporated by reference herein.

10. Representations and Warranties.

a. Each party represents, warrants and undertakes that it: **(i)** is duly incorporated and validly existing under the laws of its applicable jurisdiction and is fully qualified and empowered to own its assets and carry on its business; and **(ii)** has the requisite power, right and authority to enter into and perform its obligations under this Agreement and this Agreement, when executed, will constitute valid, lawful and binding obligations on it, enforceable in accordance with its terms.

b. Licensor represents and warrants that it is the owner of, or has obtained, and undertakes that it will maintain during the term of this Agreement, all valid consents, licenses and permissions required by it to perform its obligations under this Agreement and that it has the right to grant licenses thereunder, and that it has not granted licenses thereunder to any other entity that would restrict rights granted hereunder.

c. Licensor represents and warrants that: **(i)** the supply, or use by Licensee or any Third Party Service Provider, of the Licensed Materials in accordance with this Agreement; **(ii)** the grant of any license of any Intellectual Property Rights under this Agreement; or **(iii)** the provision, or Licensee or any Third Party Service Provider taking the benefit, of any of the Support Services, will not infringe the rights, including Intellectual Property Rights, of any third party, and that Licensee's use of the Licensed Materials will not infringe the rights, including Intellectual Property Rights, of any third party.

d. Licensor represents, warrants and undertakes that the Software and Content as a whole and any individual Update and/or and any modification under Sections 1.B. or 6.A. of the Franchise Agreement ("Modification"), will: **(i)** be of satisfactory quality under commercially reasonable standards for similar products; **(ii)** during the Warranty Period, be free from any material defects; **(iii)** be fit for any purpose for which Licensee has specified it will use the Software and/or Content for which the Licensor has represented to Licensee the Software and Content is fit; **(iv)** and during the Warranty Period, materially comply with and perform in accordance with the requirements of this Agreement and the Documentation.

During the term of this Agreement, if Licensor receives a notice from Licensee that the Software, the Content or any Modification do not substantially comply with or materially perform in accordance with the requirements of this Agreement and the then-current Documentation, then, without prejudice to any other rights or remedies of Licensee, Licensor will either repair or replace such problematic Software, Content or Modification as soon as practicable at its own expense (and the decision as to whether to repair or replace will be at Licensor's reasonable discretion); provided that Licensee agrees to provide access and such reasonable assistance to Licensor as necessary to enable or facilitate such repair or replacement; and provided further that Licensor will not have any liability under this Section 10 if such non-compliance or non-performance was caused solely as a result of any part of the Software or Content having been modified by Licensee or any third party at Licensee's direction, unless such modification was made pursuant to written instructions of Licensor.

e. Licensor represents, warrants and undertakes that each Update, and any Modification, will not degrade the functionality or performance of the Software and Content.

f. Licensor represents, warrants and undertakes that, when delivered to Licensee or otherwise implemented by Licensor under this Agreement: **(i)** it will not knowingly insert or include, or permit or cause any Licensor personnel to insert or include, any Malicious Software into the Software or Content as a whole or any individual Update or Modification; **(ii)** it will use up-to-date, industry accepted anti-virus software to check for and prevent any Malicious Software being introduced into the Software and Content as a whole or any individual Update or Modification; and **(iii)** it will co-operate with Licensee to mitigate the effect of any Malicious Software found in the Software and Content as a whole or any individual Update or Modification.

g. EXCEPT TO THE EXTENT EXPRESSLY PROVIDED IN THIS SECTION 10, ANY EXPRESSED OR IMPLIED WARRANTIES RELATING TO THE LICENSED MATERIALS AND ANY SUPPORT SERVICES, INCLUDING, BUT NOT LIMITED TO, THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE, ARE DISCLAIMED.

11. Indemnification by Licensor.

a. Licensor will indemnify, hold harmless and defend Licensee and its affiliates, directors, officers, employees, consultants, and agents (collectively, "Licensee Indemnified Parties") against any loss suffered or incurred in connection with any claim, action, proceeding or investigation of any nature or kind brought by a third party against the Licensee Indemnified Parties that the supply of the Software, Content or Documentation, the assignment or grant of any license of Intellectual Property Rights, or the provision of the Support Services under this Agreement, infringes the Intellectual Property Rights of any third party ("IPR Claim").

b. If an IPR Claim is made against any of the Licensee Indemnified Parties, the following procedures will apply: **(i)** Licensee will promptly notify Licensor in writing of any IPR Claim; and **(ii)** Licensor may elect to have control of the defense of proceedings relating to the IPR Claim and all negotiations for its settlement.

c. If Licensor exercises its option under Section 11(b)(ii), Licensor must: **(i)** conduct the defense of any proceedings relating to the IPR Claim diligently using competent counsel and in such a way as not to bring the reputation of Licensee into disrepute; and **(iii)** obtain Licensee's prior approval before any settlement is made in respect of the IPR Claim (unless it unconditionally releases Licensee of all liability).

d. If Licensor fails to exercise its option under Section 11(b)(ii), the relevant member of Licensee may defend the IPR Claim at Licensor's expense in such manner as it may deem appropriate.

e. If an IPR Claim is made, Licensor may, at no cost to Licensee and without prejudice to Licensor's obligations under Sections 11(a) and 11(b): **(i)** procure for Licensee the right to continue to use the Software and Content (including all Updates and Modifications), or continue to take the benefit of any Support Services, that are affected by the IPR Claim in accordance with the terms of this Agreement; or **(ii)** modify or replace the Software and/or Content (or the applicable Updates or Modifications) or re-perform the applicable Support Services so that it becomes non-infringing (provided that the modified or replaced Software, Content, Updates and/or Modifications, or the re-performed Support Services, provide the same performance and functionality and do not adversely affect the use of the Software and/or Content).

12. Indemnification by Licensee.

a. Licensee will indemnify, hold harmless and defend Licensor and its affiliates, directors, officers, employees, consultants, and agents (collectively, "Licensor Indemnified Parties") against any loss suffered or incurred in connection with any claim, action, proceeding or investigation of any nature or kind brought by a third party against the Licensor Indemnified Parties related to or arising from: **(i)** Licensee's or its Third Party Service Providers' use of the Licensed Material **(A)** in breach of this Agreement, **(B)** in contravention of any requirements or instructions set forth in the Documentation, or **(C)** in violation of any applicable law or regulation or the legal rights of others ("Breach Claim"); or **(ii)** any breach by Licensee or its Third Party Service Providers of any of Licensee's obligations under Section 9 (Confidentiality).

b. If a Breach Claim is made against any of the Licensor Indemnified Parties, the following procedures will apply: **(i)** Licensor will promptly notify Licensee in writing of any

Breach Claim; and **(ii)** Licensor may elect to have control of the defense of proceedings relating to the Breach Claim and all negotiations for its settlement.

c. If Licensee exercises its option under Section 12(b)(ii), Licensee must: **(i)** conduct the defense of any proceedings relating to the Breach Claim diligently using competent counsel and in such a way as not to bring the reputation of Licensor and its affiliates into disrepute; and **(ii)** obtain Licensor's prior approval before any settlement is made in respect of the Breach Claim (unless it unconditionally releases Licensor and its affiliates of all liability).

d. If Licensee fails to exercise its option under Section 12(b)(ii), Licensor or its affiliates, as applicable, may defend the Breach Claim at Licensee's expense in such manner as it may deem appropriate.

13. Limitation Of Liability. TO THE FULLEST EXTENT PERMISSIBLE BY APPLICABLE LAW, UNDER NO CIRCUMSTANCES WILL EITHER PARTY BE LIABLE FOR ANY LOST PROFITS, LOST DATA, OR ANY FORM OF INDIRECT, SPECIAL, INCIDENTAL, CONSEQUENTIAL OR PUNITIVE DAMAGES FROM ANY CAUSES OF ACTION ARISING OUT OF OR RELATED TO THIS AGREEMENT WHETHER ARISING IN TORT, CONTRACT, STRICT LIABILITY OR OTHERWISE, REGARDLESS OF WHETHER SUCH DAMAGE WAS FORESEEABLE OR SUCH PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. EXCEPT IN CONNECTION WITH CLAIMS ARISING UNDER THE INDEMNIFICATION OBLIGATIONS SET FORTH IN SECTIONS 11 AND 12, OR LICENSEE'S BREACH OF ITS CONFIDENTIALITY OBLIGATIONS IN SECTION 9, IN NO EVENT WILL EITHER PARTY'S AGGREGATE LIABILITY ARISING OUT OF OR RELATED TO THIS AGREEMENT EXCEED THE AMOUNTS PAID OR PAYABLE UNDER THE FRANCHISE AGREEMENT IN THE TWELVE (12) MONTHS PRECEDING THE COMMENCEMENT OF THE RELEVANT CLAIM.

14. Term; Termination. This Agreement and the licenses granted herein will be effective as of the Effective Date and will terminate upon the termination or expiration of the Franchise Agreement ("Term"). A breach of the terms of this Agreement by Licensee will be deemed to be a breach of the Franchise Agreement. The termination provisions of the Franchise Agreement are incorporated by reference. Notwithstanding anything to the contrary provided herein or in the Franchise Agreement, Licensee's breach of the license terms and restrictions set forth in Section 5 will constitute a default under the Franchise Agreement, and Licensor will have the right to terminate this Agreement and the Franchise Agreement immediately without an opportunity to cure pursuant to Section 15.B.(19) of the Franchise Agreement.

15. Survival. Notwithstanding any other provision of this Agreement, Sections 5, 9, 11-14, and 16-25 will survive any termination or expiration of this Agreement.

16. Force Majeure. The Force Majeure provisions under Section 18.B. of the Franchise Agreement are incorporated by reference.

17. Notices. Any notice required to be given pursuant to this Agreement will be given in accordance with the Franchise Agreement.

18. Governing Law and Dispute Resolution. Sections 18.F., 18.G, and 18.H of the Franchise Agreement are incorporated by reference.

19. Binding on Successors. This Agreement will be binding upon and will inure to the benefit of the parties hereto, their heirs, administrators, successors and assigns.

20. Counterparts. This Agreement may be executed in counterparts, and each copy so executed and delivered will be deemed an original. This Agreement will not take effect until it has been executed by both parties. This Agreement may be signed using electronic signatures, and those signatures will have full legal force and effect.

21. No Partnership. Nothing in this Agreement will (except as expressly provided) be deemed to constitute a partnership or create a relationship of principal and agent for any purpose, between the parties.

22. Waiver. The failure to exercise, or delay in exercising, a right, power or remedy provided by this Agreement or by law will not constitute a waiver of that right, power or remedy. No waiver by either party of any breach of any provision of this Agreement will be deemed as a waiver of any prior or subsequent breach of the same or other provisions of this Agreement.

23. Severability.

a. If any provision hereof is found to be illegal, invalid or unenforceable by any court or authority of competent jurisdiction, such invalidity will not affect the legality, validity or enforceability of any other provision, unless otherwise required by operation of applicable laws, and such invalid provision will be deemed to be severed from the Agreement.

b. The parties must use all reasonable endeavors to agree within a reasonable time any lawful and reasonable variations to the Agreement which may be necessary to achieve, to the greatest extent possible, the same commercial effect as would have been achieved by the provision, or part-provision, in question.

24. Assignment and Sub-Contracting. The transfer provisions of Section 13 of the Franchise Agreement are incorporated by reference.

25. Integration; Amendment. This Agreement will not be modified or amended except in writing signed by the parties hereto and specifically referring to this Agreement. This Agreement will take precedence over any other agreements or documents that may be in conflict therewith; provided that to the extent of any conflict or inconsistency between this Agreement and the Franchise Agreement, the terms of the Franchise Agreement will prevail.

26. Entire Agreement.

a. This Agreement and the Franchise Agreement constitute the entire agreement between the parties in relation to its subject matter, and replaces and extinguishes all prior agreements, draft agreements, arrangements, undertakings, or collateral contracts of any nature made between the parties, whether oral or written, in relation to that subject matter.

b. Each party acknowledges that in entering into this Agreement it has not relied upon any oral or written statements, collateral or other warranties, assurances, undertakings, misrepresentations, or representations that were made by or on behalf of the other party in relation to the subject matter of this Agreement at any time before its signature (together, "Pre-Contractual Statements"), other than those that are set out expressly in this Agreement.

c. Each party hereby waives all rights and remedies which might otherwise be available to it in relation to such Pre-Contractual Statements.

d. Nothing in this Section 26 will exclude or restrict the liability of either party arising out of its pre-contract fraudulent misrepresentation or fraudulent concealment.

IN WITNESS WHEREOF, the parties have executed this Agreement by their duly authorized representatives.

LICENSOR: **GLO BIG BOSS LIMITED**	**LICENSEE:** **_____**
By:_____	By:_____
Name:_____	Name:_____
Title: _____	Title: _____
Signing Date: _____	Signing Date: _____

EXHIBIT A TO THE PROPRIETARY SOFTWARE LICENSE AGREEMENT
LICENSED MATERIALS

Software:	Sandbox VR Operating System (software to run store-level operational functions)
Content:	Licensor's full catalog of experiences and games available to its franchisees at any given time.
Documentation:	Online standard operating procedure instructions and manuals
Copies and format of Software to be delivered (Section 2)	Format: Subject to latest Sandbox VR Start-up Equipment Package list, Software are installed in: HP VR backpack G2, or comparable computers Apple iPad Mini, or comparable tablet Apple iPad, or comparable tablet HP Z1G6 workstation, or comparable server Qsys DSP, or comparable digital signal processor Apple TV, or comparable digital media player
Copies and format of Documentation to be delivered (Section 2)	Format: Upon execution of the Franchise Agreement and payment of the initial fees thereunder, Licensor's standard operating procedure instructions can be accessed through Licensee's account on Licensor's cloud-based portal.
Specification:	Available at: https://sites.google.com/sandboxvr.com/sandboxvr/operations
Warranty Period:	In relation to the Software and Content as a whole, the period of 90 days after the acceptance date. In relation to any individual Update and Modification the period of 90 days from the date on which such Update or Modification was accepted by Licensee.

EXHIBIT B TO THE PROPRIETARY SOFTWARE LICENSE AGREEMENT
SUPPORT SERVICES

This Exhibit B defines the levels of service promised by Licensor in relation to Licensed Materials and Documentation ("Support Services").

SUPPORT SERVICES

If Licensee is experiencing incidents or problems with the Licensed Materials and Documentation, Licensee can make a Support Request either directly via Licensor's helpdesk (https://sandboxvr.atlassian.net/), via email to reliability@sandboxvr.com or via communication tool (https://sandboxvr.slack.com/ with the following information:

- Company name
- Billing address
- Contact email and phone number
- An explanation of the problem.

First Response Time and Resolution Times (as such terms are defined below) are calculated from the moment the Support Request ticket is opened in the Licensor's helpdesk.

Licensee's access to the Support Services is effective upon the Effective Date, and will end upon the expiration or termination of this Agreement as set forth in Section 12 ("Support Period"). Licensor is not obligated to provide support beyond the end of the Support Period.

Licensor will assign a severity level to each Support Request according to the definitions below:

SEVERITY LEVEL	DEFINITION - The incident or problem is characterized by the following:
Severity 1	a) The Licensor System is down, OR b) Key component(s) of the product, Hardware product or Licensed Material offering functionality is not working AND no workaround available, OR c) It affects > 50% of Licensee's overall operations
Severity 2	a) Core functionality of the Licensor System is not working, BUT workaround exists, OR b) It affects > 30% of Licensee's overall operations
Severity 3	a) Non-core functionality is not working. The effect of the incident or problem does not directly impact the customer's ability to use the Licensor System, OR b) It affects < 20% of Licensee's overall operations
Severity 4	a) Licensee is experiencing an incident or problem which is not level 1, 2 or 3 classified, OR b) Non-Sandbox device specific problem, OR c) Sporadic occurrences

According to the Severity Level, the following First Response Times and Resolution Time apply to all helpdesk, email and communication tool Support Services Times:

SEVERITY LEVEL	FIRST RESPONSE TIME	RESOLUTION TIME
Severity 1	1 Business Hours on Business Days; 2 Business Hours on non-Business Days	24 Business Hours
Severity 2	4 Business Hours; 8 Business Hours on non-Business Days	24 Business Hours
Severity 3	8 Business Hours; 16 Business Hours on non-Business Days	4 Business Days
Severity 4	16 Business Hours; 32 Business Hours on non-Business Days	5 Business Days

"**First Response Time**" -- The time between the ticket being opened in the Licensor's help desk and confirmation to the customer via the ticketing system that the Licensor has received the request and is investigating the incident or issue (any automated response from the ticketing system does not count towards First Response Time).

"**Resolution Time**" -- The time between the First Response Time and the resolution of the Defect. For Severity 1 issues, the provision of a workaround means Licensor will downgrade the Severity Level to Severity 2 or Severity 3 based on the extent to which the workaround improves the situation. For Severity 4 issues, Licensor retains the right to decide through its internal product development prioritization process which features to add or change.

"**Business Hours**" -- subject to store opening hours.

"**Business Days**" -- subject to store opening days.
Licensor will determine case by case whether in-person Support Services are necessary to resolve a Support Request. To the extent in-person Support Services are required, the Resolution Time may vary or be longer than as provided above, however Licensor will use best endeavors to provide such in-person Support Services and remedy the relevant Defect as quickly as possible.

COST OF SUPPORT SERVICES

- Phone/email/off-site Support Services will be provided at no additional cost
- In-person Support Services visits can be arranged if the problem cannot be resolved remotely, at the cost of U.S. $300 per person per day.

- Response to emergency Support Requests by phone within 1 hour on Business Days and 2 hours on non-Business Days, in person within 96 hours on business days and 120 hours on non-Business Days.

NEW VERSIONS AND UPDATES

Licensor will provide to Licensee any new Updates and versions of the Licensed Materials which it offers to any of its other franchisees or company-operated Sandbox VR Businesses. Such Updates and new versions will be available for download by Licensee (at no additional cost).

Licensor will notify Licensee when a new version or Update becomes available and provide to Licensee any information relating to the new version or Update reasonably requested by Licensee.

GENERAL

Licensor assumes no responsibility for delays or problems that result from Licensee's computing or networking environment (except where such delays or problems are caused by the Licensed Materials and/or the Licensee Hardware), Licensee's third-party vendors and/or Licensee's local or long-distance telephone carriers or ISPs.

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LIST OF FRANCHISEES

Franchisee	Address	City	State	Telephone Number
Wavecrest Gaming, LLC*	305 NJ-17	Paramus	New Jersey	201-407-7077

SIGNED BUT NOT YET OPEN AS OF DECEMBER 31, 2022

Franchisee	Address	City	State	Telephone Number
Wavecrest Gaming Woodbridge, LLC	455 Green Street	Iselin	New Jersey	201-407-7077
Wavecrest Gaming, LLC	N/A	Bridgewater	New Jersey	201-407-7077

* Franchisees that have signed a Development Rights Agreement.

EXHIBIT G

LIST OF FRANCHISEES WHO HAVE LEFT THE SYSTEM

None.

EXHIBIT H

FINANCIAL STATEMENTS

THE FOLLOWING FINANCIAL STATEMENTS ARE PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED AN OPINION WITH REGARD TO THE CONTENT OR FORM.

Income Statement
For the period ended March 31, 2023

	Q1 2023
Revenue	
Franchise fees	564,866
Cost per play	19,146
Replacement parts	56,349
Digital Marketing	4,288
Royalty	202,475
Deployment fee	51,350
Other revenues	61,603
Total Revenue	**960,077**
Operating expenses	
Equipment and replacement parts	477,475
Professional fees	103,279
Deployment fees	39,237
Advertising	7,250
Digital marketing	23,078
IT supplies and support	
Franchise taxes	4,322
Courrier and freight	50,081
Insurance	
Others	34,758
Total Operating expenses	**739,480**
Operating income	**220,596**
Other income/ expense	
Foreign currency transaction gain	1,995
Net income	**222,591**

THE FOLLOWING FINANCIAL STATEMENTS ARE PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED AN OPINION WITH REGARD TO THE CONTENT OR FORM.

Balance Sheet
For the period ended March 31, 2023

Current assets	
Cash	$ -
Accounts receivable - third partyy	$ 1,209,481.59
Inventory	$ 28,872.19
Advances to suppliers	$ 139,359.94
Total current assets	**$ 1,377,713.72**
Non-current assets	
Trademark	$ 95,000.00
Due from related parties	$ 2,801,534.18
Total Non-current assets	**$ 2,896,534.18**
Total Assets	$ 4,274,247.90
Current liabilities	
Accounts and other payables	$174,500.29
Deferred revenue, current portion	$1,547,088.12
Other liabilities, current portion	$5,000.00
Total current liabilities	**$1,726,588.41**
Non-current liabilities	
Deferred revenue, non-current portion	$1,325,124.97
Due to related parties	$1,565,874.28
Other liabilities, non-current portion	
Total Non-current liabilities	**$2,890,999.25**
Additional Paid-in Capital	$200,000.00
Accumulated deficit	($543,339.76)
	($343,339.76)
Total liabilities and stockholder's deficit	**$4,274,247.90**

$0.00

GLOSTATION FRANCHISING USA, INC.
FINANCIAL STATEMENTS
(WITH INDEPENDENT AUDITOR'S REPORT)
DECEMBER 31, 2022, 2021 AND 2020

GALLEROS ROBINSON
CERTIFIED PUBLIC ACCOUNTANTS AND ADVISORS

GLOSTATION FRANCHISING USA, INC.
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DECEMBER 31, 2022, 2021 AND 2020

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Independent Auditor's Report

To the Stockholder of
GloStation Franchising USA, Inc.

Opinion

We have audited the accompanying financial statements of GloStation Franchising USA, Inc. (a Delaware corporation and wholly-owned subsidiary of GloStation USA, Inc.), which comprise the balance sheets as of December 31, 2022, 2021 and 2020, and the related statements of operations, changes in stockholder's deficit, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of GloStation Franchising USA, Inc. as of December 31, 2022, 2021 and 2020, the results of its operations, changes in stockholder's deficit and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of GloStation Franchising USA, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about GloStation Franchising USA, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of GloStation Franchising USA, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about GloStation Franchising USA, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Galleros Robinson

Galleros Robinson
Certified Public Accountants
New York, NY
May 10, 2023

GLOSTATION FRANCHISING USA, INC.
BALANCE SHEETS
DECEMBER 31, 2022, 2021 AND 2020

	2022	2021	2020
ASSETS			
Current assets			
Cash	$ 1,527,953	$ 202,474	$ 5,522
Accounts receivable:			
Third parties	234,001	50,821	3,615
Related parties	77,123	73,932	-
Inventory	424,683	170,427	-
Advances to suppliers	145,153	39,206	-
Total current assets	**2,408,913**	**536,860**	**9,137**
Non-current assets			
Trademark	95,000	95,000	95,000
Due from related parties	3,337,568	2,449,386	1,252,513
Total non-current assets	**3,432,568**	**2,544,386**	**1,347,513**
Total assets	**$ 5,841,481**	**$ 3,081,246**	**$ 1,356,650**
LIABILITIES AND STOCKHOLDER'S DEFICIT			
Liabilities			
Current liabilities			
Accounts and other payables	$ 149,106	$ 48,025	$ 50,959
Deferred revenue, current portion	1,367,209	347,274	5,000
Other liabilities, current portion	120,000	120,000	-
Total current liabilities	**1,636,315**	**515,299**	**55,959**
Non-current liabilities			
Deferred revenue, non-current portion	873,250	409,583	493,750
Due to related parties	3,612,948	2,430,645	1,055,493
Other liabilities, non-current portion	90,000	210,000	-
Total non-current liabilities	**4,576,198**	**3,050,228**	**1,549,243**
Total liabilities	**6,212,513**	**3,565,527**	**1,605,202**
Stockholder's deficit			
Common stock *($0.00001 par value; 100 shares authorized, issued and outstanding)*	-	-	-
Additional paid-in capital	200,000	200,000	200,000
Accumulated deficit	(571,032)	(684,281)	(448,552)
Total stockholder's deficit	**(371,032)**	**(484,281)**	**(248,552)**
Total liabilities and stockholder's deficit	**$ 5,841,481**	**$ 3,081,246**	**$ 1,356,650**

The accompanying notes are an integral part of these financial statements

GLOSTATION FRANCHISING USA, INC.
STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED
DECEMBER 31, 2022, 2021 AND 2020

	2022	2021	2020
Revenues			
Franchise fees	$ 1,109,019	$ 483,951	$ 5,000
Cost per play	88,214	79,601	56,171
Replacement parts	182,691	19,999	1,189
Digital marketing	27,863	9,225	26,189
Royalty	379,451	2,316	-
Deployment fee	62,000	-	-
Other revenues	28,764	4,738	4,000
Total revenues	**1,878,002**	**599,830**	**92,549**
Operating expenses			
Equipment and replacement parts	1,152,723	458,849	1,089
Professional fees	320,755	138,216	219,481
Deployment fee	38,128	-	-
Advertising	40,274	111,227	190,891
Digital marketing	27,863	9,225	26,189
IT supplies and support	6,603	18,000	19,458
Franchise taxes	14,450	5,095	13,402
Courier and freight	84,171	32,115	6,256
Insurance	6,882	3,378	3,906
Others	68,733	58,895	15,122
Total operating expenses	**1,760,582**	**835,000**	**495,794**
Operating income (loss)	**117,420**	**(235,170)**	**(403,245)**
Other income (expense)			
Other income	499	160	1,190
Foreign currency transaction gain (loss)	1,130	81	(372)
Net income (loss) before provision for income taxes	**119,049**	**(234,929)**	**(402,427)**
Provision for income taxes			
Current	5,800	800	800
Deferred	-	-	-
Total provision for income taxes	**5,800**	**800**	**800**
Net income (loss)	**$ 113,249**	**$ (235,729)**	**$ (403,227)**

The accompanying notes are an integral part of these financial statements

GLOSTATION FRANCHISING USA, INC.
STATEMENTS OF CHANGES IN STOCKHOLDER'S (DEFICIT) EQUITY
FOR THE YEARS ENDED
DECEMBER 31, 2022, 2021 AND 2020

	2022	2021	2020
Common stock			
Balance, beginning of year	$ -	$ -	$ -
Transactions during the year	-	-	-
Balance, end of year	**$ -**	**$ -**	**$ -**
Additional paid-in capital			
Balance, beginning of year	$ 200,000	$ 200,000	$ 200,000
Transactions during the year	-	-	-
Balance, end of year	**$ 200,000**	**$ 200,000**	**$ 200,000**
Accumulated deficit			
Balance, beginning of year	$ (684,281)	$ (448,552)	$ (45,325)
Net income (loss) for the year	113,249	(235,729)	(403,227)
Balance, end of year	**$ (571,032)**	**$ (684,281)**	**$ (448,552)**
Total stockholder's deficit	**$ (371,032)**	**$ (484,281)**	**$ (248,552)**

The accompanying notes are an integral part of these financial statements

GLOSTATION FRANCHISING USA, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED
DECEMBER 31, 2022, 2021 AND 2020

	2022	2021	2020
Cash flows from operating activities			
Net income (loss)	$ 113,249	$ (235,729)	$ (403,227)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
(Increase) decrease in assets:			
Accounts receivable	(186,371)	(121,138)	256,251
Inventory	(254,256)	(170,427)	-
Advances to suppliers	(105,947)	(39,206)	-
Prepaid expenses	-	-	4,239
Increase (decrease) in liabilities:			
Accounts payable	101,081	(2,934)	21,310
Deferred revenue	1,483,602	258,107	359,167
Other liabilities	(120,000)	330,000	-
Net cash provided by operating activities	**1,031,358**	**18,673**	**237,740**
Cash flows from investing activities			
Acquisition of trademark	-	-	(91,906)
Net increase in due from related parties	(888,182)	(1,196,873)	(848,752)
Net cash used in investing activities	**(888,182)**	**(1,196,873)**	**(940,658)**
Cash flows from financing activities			
Net increase in due to related parties	1,182,303	1,375,152	657,429
Net cash provided by financing activities	**1,182,303**	**1,375,152**	**657,429**
Net increase (decrease) in cash	**1,325,479**	**196,952**	**(45,489)**
Cash at beginning of year	202,474	5,522	51,011
Cash at end of year	**$ 1,527,953**	**$ 202,474**	**$ 5,522**
Supplemental disclosure of cash flow information			
Cash paid for income taxes	$ 800	$ 800	$ -

The accompanying notes are an integral part of these financial statements

NOTE 1 – NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

GloStation Franchising USA, Inc. (the "Company") was formed on December 19, 2017 under the laws of the State of Delaware. Its office is located in the State of California. The Company is engaged in the business of licensing and selling franchises under the trade name "Sandbox VR". Sandbox VR offers to the general public, live-action, hyper reality experiences, including virtual reality and physical adventures at the franchisee's facility.

The Company is a wholly-owned subsidiary of GloStation USA, Inc., a Delaware corporation. GloStation USA, Inc. is a wholly-owned subsidiary of Sandbox VR, Inc., which through another subsidiary, owns the intellectual property. Sandbox VR, Inc. supplies the equipment to the Company's franchisees. The Company's functional currency is the United States dollar ("USD") and the Company expects payment from its franchisees in USD.

The Company is dependent on its parent and affiliated entities for corporate and administrative support as it does not have any employees of its own. The intellectual property that the Company licenses to franchisees is developed by the parent and affiliates. The parent and affiliates do not charge the Company market rates for such support and intellectual property. Operating funds are advanced by the parent and affiliates as needed. The Company repays advances with proceeds from sales. Due to its limited operations, the Company does not have significant ongoing expenses other than the purchase of equipment to sell, which it only buys when a franchise agreement is executed.

Liquidity Concern

The Company has incurred net losses since inception and has been dependent on its parent and affiliates for financing. These factors had created substantial doubt about the Company's ability to continue as a going concern in years prior to 2022. The Company recorded a net profit of $113,249 for the year ended December 31, 2022. Management is projecting that the Company will continue to generate net profits in future years. In addition, Management plans to address any future cash flow issues is to rely on Sandbox VR, Inc. for financing. Sandbox VR, Inc.'s current and forecasted cash flows indicates that the parent will have enough cash to support its operations and any potential cash flows shortages of the Company through the end of 2023.

NOTE 1 – NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Basis of Presentation

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Cash and Cash Equivalents

The Company considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. There were no cash equivalents at December 31, 2022, 2021 and 2020.

Accounts Receivable

Accounts receivable are recorded when invoices are issued. The Company writes off all accounts considered to be uncollectible; accordingly, no allowance for doubtful accounts was required.

Inventory

Inventory is stated at the lower of cost or market. Cost is determined by the first-in, first-out (FIFO) method, and average cost method. Market represents the lower of replacement cost or estimated net realizable value.

Advances to Suppliers

Advances to suppliers are recognized whenever the Company pays in advance for its purchase of goods. These are measured at transaction price less any impairment loss and recognized to corresponding asset or expense account when the goods for which the advances were made are received.

Trademark

The trademark is stated at cost. The Company has determined that its trademark has an indefinite useful life and it shall not be amortized until its useful life is determined to be no longer indefinite. The Company evaluates the remaining useful life of the trademark on each reporting period to determine whether events and circumstances continue to support an indefinite useful life.

NOTE 1 – NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Impairment of Long-Lived Assets

Long-lived assets include the trademark. In the event that facts and circumstances indicate that this asset may be impaired, an evaluation of recoverability would be performed. If an evaluation is required, the estimated future undiscounted cash flows associated with the asset would be compared to the asset's carrying amount to determine if a write-down to market value or discounted cash flow value is required. There was no impairment of long-lived assets for the years ended December 31, 2022, 2021 and 2020.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, 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 may differ from these estimates.

Income Taxes

The Company is a C Corporation and files state income tax returns in various states either separately or as part of a combined return with its parent and affiliates. For Federal income tax allocation purposes, consolidated income tax provisions are allocated among the parent and affiliates based on the income tax expense that would have been recognized had separate tax returns been filed for each entity or when subsidiary losses are utilized in consolidation.

Uncertain Tax Positions

U.S. GAAP require the Company to account for uncertain tax positions. No significant tax positions were taken by management which are subject to uncertainty or pose a reasonable possibility of change by Federal or State tax authorities. The Company's tax returns for 2020 and forward are subject to the usual review by the appropriate taxing authorities.

NOTE 1 – NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Revenue Recognition, Cost Recognition and Deferred Revenue

The Company follows Financial Accounting Standards Board ("FASB") Accounting Standards Update (ASU) No. 2014-09, Revenue from Contracts with Customers (Topic 606).

Topic 606 provides a five-step model for recognizing revenue from contracts:

- Identify the contract with the customer
- Identify the performance obligations within the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations
- Recognize revenue when (or as) the performance obligations are satisfied

The adoption of Topic 606 did not have a material effect on the timing or amount of revenue recognized as compared with the Company's previous revenue recognition practices.

Certain contracts with customers include multiple performance obligations. For such arrangements, the Company allocates the transaction price to each performance obligation based on its stated price, which approximates the stand-alone selling price.

Franchise revenues consist primarily of initial franchise fees licensing of intellectual property, cost per person ("CPP Fee") and royalty fees, start-up equipment package revenue, and other fees (third-party branded content fees, referred to as digital marketing). The Company's primary responsibilities under the franchise agreement is assisting in site selection, training and deployment and granting certain rights to use Sandbox VR's intellectual property. All of the services and licensing the Company provides in relation to the franchise fee are highly interrelated, not distinct within the contract, except for sale of start-up equipment, and therefore accounted for under ASC 606 as a single performance obligation, which is satisfied by providing the services and granting certain rights to use the intellectual property over the term of each franchise agreement.

NOTE 1 – NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Revenue Recognition, Cost Recognition and Deferred Revenue (Continued)

Under ASC 606, franchise fees are recognized as revenue on a straight-line basis over the terms of the respective franchise agreements. The Company executes franchise agreements which outline the terms of its arrangement with each franchisee. The franchise agreements require the franchisee to pay a non-refundable franchise fee for a term with renewal options. The franchise fee also includes the license of the intellectual property over contract term. Franchise agreement terms range 5 to 10 years. Subject to the Company's approval and payment of a renewal fee, a franchise agreement will automatically renew for up to two additional terms of five years each.

Variable consideration in the form of royalties represent sales-based royalties that are related entirely to the Company's performance obligation under the franchise agreements. Royalties are calculated as a percentage of a franchisee's gross sales from retail, concession, party, rental, vending and other ancillary sales made at or in connection with the franchise over the term of the franchise agreement. In addition, the franchisee shall also pay CPP Fee, which is based on the number of players played per session. Revenues related to royalties and CPP Fee are not recognized until the actual sales or usage occurs and the performance obligation to which it has been allocated has been satisfied.

The Company sells and delivers start-up equipment and replacement parts to franchisee-owned stores. Revenue is recognized upon transfer of control of ordered items, generally upon delivery and installation to the customer. The Company recognizes sale of replacement parts on a gross basis. Management determined the Company to be the principal in the transaction because the Company controls the equipment prior to delivery to the final customer as evidenced by its pricing discretion over the goods and having the primary responsibility to fulfill the customer order and to direct the third-party vendor. In addition, the Company provides digital marketing branding as an additional service outside of the franchise fee arrangement. Fees are earned at the point in time that services are provided.

Operating costs are charged to expenses as occurred.

Deferred revenue results from franchise fees paid by franchisees, which is being recognized on a straight-line basis over the term of the underlying franchise agreement. Deferred revenue was $2,240,459, $756,857 and $498,750 as of December 31, 2022, 2021 and 2020, respectively.

NOTE 1 – NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Fair Value of Financial Instruments

The Company applies the Financial Accounting Standards Board ("FASB") guidance for "Fair Value Measurements." Under this standard, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e., the "exit price") in an orderly transaction between market participants at the measurement date. Valuation techniques that are consistent with the market, income or cost approach are used to measure fair value.

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels as follows:

- Level I inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities the Company has the ability to access.
- Level II inputs are inputs (other than quoted prices included within Level I) that are observable for the asset or liability, either directly or indirectly.
- Level III inputs are unobservable inputs for the asset or liability and rely on management's own assumptions about the assumptions that market participants would use in pricing the asset or liability.

The Company's financial instruments are primarily based on Level III inputs. The fair value of the assets and liabilities on the balance sheet approximate their carrying values.

Adoption of New Accounting Policies

On February 25, 2016, the FASB issued ASU 2016-02, *"Leases (Topic 842)"*, which will require lessees to recognize a lease liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis; and a right-of-use asset, which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term. The Company adopted Topic 842 as of January 1, 2022 and did not result in any material adjustments to beginning balances as of January 1, 2022.

NOTE 2 – RELATED PARTY TRANSACTIONS AND BALANCES

The Company advances and receives cash from affiliated entities on an as needed basis. The Company also sells equipment packages to affiliated entities. The following are the due from/due to related parties:

NOTE 2 – RELATED PARTY TRANSACTIONS AND BALANCES, CONTINUED

The Company had amounts due from Sandbox VR, Inc. of $248,402, $253,395, and $139,266 as of December 31, 2022, 2021 and 2020, respectively. The Company had amounts due from companies related through common ownership of $3,089,166, $2,195,991 and $1,113,247 as of December 31, 2022, 2021 and 2020, respectively. These amounts are unsecured, collectible on demand and non-interest bearing. Management does not expect collection within the next year; therefore, the balance has been classified as long-term.

The Company had amounts due to Sandbox VR, Inc. and companies related through common ownership of $714,378, $691,512 and $363,352 as of December 31, 2022, 2021 and 2020, respectively. The Company had amounts due to companies related through common ownership of $2,898,570, $1,739,133 and $692,141 as of December 31, 2022, 2021 and 2020, respectively. These amounts are unsecured, due on demand and non-interest bearing. Management does not expect repayment to be demanded within the next year; therefore, the balance has been classified as long-term.

NOTE 3 – COMMITMENTS AND CONTINGENCIES

Multi-Unit Development Agreement

The Company granted a franchisee, under a Multi-Unit Development Agreement dated January 29, 2020, the exclusive right to develop six Sandbox VR Businesses in exchange for a payment by the franchisee to the Company of $300,000. On August 4, 2021, the agreement was terminated and the Company agreed to pay the franchisee $350,000, which included a $50,000 termination fee and no interest, over thirty-five months at $10,000 per month commencing November 1, 2021 and ending on September 1, 2024. As of December 31, 2022, the amount due to the franchisee was $210,000.

Future payments are as follows:

2023	$ 120,000
2024	90,000

NOTE 4 – CONCENTRATED CREDIT RISK

Financial instruments, which potentially subject the Company to concentrations of credit risk, consist primarily of cash, accounts receivable, and due from related parties. The Company maintains its cash in accounts which is within the federally insured limits for such accounts. The Company limits its credit risk by selecting financial institutions considered to be highly creditworthy. Concentrations of credit risk with respect to accounts receivable and due from related parties are with customers and related parties. The Company does not require collateral but may obtain a judgment if a default in payment occurs.

NOTE 5 – LITIGATION

Vortex Gaming Ltd. and Vortex Gaming T1 Ltd. v. the Company, No. CV-23-00694933-0000 (Sup. Ct. of Justice, Ontario)

Vortex Gaming Ltd. and Vortex Gaming T1 Ltd. (collectively, "Vortex") are the Company's franchisees in Canada. In January 2023, the Company issued notices of termination for failure to pay outstanding amounts with respect to several franchise agreements between the Company and Vortex. On February 17, 2023, Vortex filed an action in the Ontario Superior Court of Justice against the Company. The action seeks: (a) an injunction restraining the Company from terminating or purporting to terminate the franchise agreements between the Company and Vortex; and (b) a declaration that any such termination or purported termination is ineffective or wrongful at law. Vortex's Notice of Motion and Statement of Claim allege that the Company breached its franchise agreements with Vortex by terminating those franchise agreements before delivering certain equipment to Vortex. Vortex further alleges that the Company breached its statutory duty of fair dealing under Ontario's Arthur Wishart Act (Franchise Disclosure), 2000 (the "Wishart Act"). In addition to the injunction and declaration, Vortex seeks CAD$151,600,000 in damages, along with other incidental relief. The hearing date for the injunctive relief is May 17, 2023. The Company believes that the amount of damages that Vortex is seeking is unsubstantiated by anything in the pleadings or otherwise and the Company intends to defend against the claims vigorously.

The Company v. Vortex Gaming Ltd. and Vortex Gaming T1 Ltd. (AAA Case No. 01-23-0001-0748)

On March 15, 2023, the Company filed a Demand for Arbitration claim against Vortex. The demand claims that the Company terminated 7 of Vortex's 8 franchise agreements after Vortex failed to cure monetary defaults under the franchise agreements relating to payment of initial franchise fees. The demand seeks: (a) enforcement of the Company's post-termination rights regarding a Sandbox VR Business that Vortex continues to operate despite termination, and (b) a declaration that the Company has the right to terminate the 8th franchise agreement based on Vortex's uncured monetary defaults and termination of the other franchise agreements. In addition, the Company is seeking an award of damages to be proven at the hearing for breaches of the 8 franchise agreements, including failure to pay initial franchise fees, ongoing royalties, and liquidated damages.

On April 19, 2023, Vortex filed an answer and counterclaim against the Company. In the counterclaim, Vortex claims that the Company breached its statutory duty of fair dealing under the Wishart Act and British Columbia's Franchises Act (the "Franchises Act"), by purporting to terminate 8 of Vortex's franchise agreements. Vortex further alleges that the Company breached those franchise agreements by purporting to terminate them. Vortex seeks: (1) a permanent injunction restraining the Company and its personnel from terminating or purporting to terminate the franchise agreements; (2) a declaration that any such termination or purported termination is ineffective or wrongful at law, or in the alternative, relief from forfeiture; (3) damages for breach of contract in the amount of $9.5 million; (4) damages for breach of the Wishart Act and the Franchises Act in the amount of $500,000; (5) a declaration that certain provisions of the franchise agreements are invalid under the Wishart Act or the Franchises Act, as applicable; (6) costs on a substantial indemnity basis; (7) pre and post judgment interest on any sums

NOTE 5 – LITIGATION - CONTINUED

The Company v. Vortex Gaming Ltd. and Vortex Gaming T1 Ltd. (AAA Case No. 01-23-0001-0748), continued

awarded; and (8) any other relief that the nature of the dispute requires. The Company believes that it will prevail upon the merits of its claims against Vortex, and further believes that the amount of damages that Vortex is seeking is unsubstantiated by anything in the pleadings or otherwise and the Company intends to defend against the claims vigorously.

No provision was made in these financial statements for any liability related to these matters.

NOTE 6 – INCOME TAXES

The Company accounts for income taxes under ASC Topic 740: Income Taxes which requires the recognition of deferred tax assets and liabilities for both the expected impact of differences between the financial statements and the tax basis of assets and liabilities, and for the expected future tax benefit to be derived from tax losses and tax credit carryforwards. ASC Topic 740 additionally requires the establishment of a valuation allowance to reflect the likelihood of realization of deferred tax assets.

The provision for income taxes for years ended December 31, 2022, 2021 and 2020 differs from the amount which would be expected as a result of applying the statutory tax rates to the losses before income taxes due primarily to the valuation allowance to fully reserve net deferred tax assets. Realization of deferred tax assets is dependent upon sufficient future taxable income during the period that deductible temporary differences and carryforwards are expected to be available to reduce taxable income. As the achievement of required future taxable income is uncertain, the Company recorded a full valuation allowance. The Company incurred income taxes of $5,800, $800 and $800 for the years ended December 31, 2022, 2021 and 2020, respectively.

The deferred tax assets are summarized below:

	2022	2021	2020
Net operating loss carryforwards	$ 171,310	$ 205,284	$ 134,700
Less: valuation allowance	171,310	205,284	134,700
Total deferred income tax asset	**$ -**	**$ -**	**$ -**

The Company had net operating loss carryforwards for tax purposes totaling approximately $570,000 as of December 31, 2022. The net operating loss carryforward as of December 31, 2022 will expire between 2037 and 2040.

NOTE 7 – SUBSEQUENT EVENTS

The Company has evaluated subsequent events from the balance sheet date through the date the financial statements were to be issued, May 10, 2023, and has determined that there were no events that would have a material impact on the financial statements except for those events previously disclosed in the notes to the financial statements.

NOTE 8 – IMPACT OF COVID-19

Management is currently evaluating the impact of COVID-19 pandemic on the industry and has concluded that while it is reasonably possible that the virus could have had a negative effect on the Company's financial position and results of its operations, the specific impact is not readily determinable as of the date of these financial statements. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

EXHIBIT I

RELEASE ON RENEWAL/TRANSFER

GLOSTATION FRANCHISING USA, INC.

RENEWAL/ASSIGNMENT OF FRANCHISE DOCUMENTS RELEASE

GloStation Franchising USA, Inc. ("**we**," "**us**," or "**our**") and the undersigned franchisee, _____ ("**you**" or "**your**"), currently are parties to a certain Franchise Agreement (the "**Franchise Agreement**") dated _____. You have asked us to take the following action or to agree to the following request: [insert as appropriate for renewal or transfer situation] _____

_____

_____

_____. We have the right under the Franchise Agreement to obtain a general release from you (and, if applicable, your owners) as a condition of taking this action or agreeing to this request. Therefore, we are willing to take the action or agree to the request specified above if you (and, if applicable, your owners) give us the release and covenant not to sue provided below in this document. You (and, if applicable, your owners) are willing to give us the release and covenant not to sue provided below as partial consideration for our willingness to take the action or agree to the request described above.

Consistent with the previous introduction, you, on your own behalf and on behalf of your successors, heirs, executors, administrators, personal representatives, agents, assigns, partners, shareholders, members, directors, officers, principals, employees, and affiliated entities (collectively, the "**Releasing Parties**"), hereby forever release and discharge us and our current and former officers, directors, owners, principals, employees, agents, representatives, affiliated entities, successors, and assigns (collectively, the "**GloStation Parties**") from any and all claims, damages (known and unknown), demands, causes of action, suits, duties, liabilities, and agreements of any nature and kind (collectively, "**Claims**") that you and any of the other Releasing Parties now has, ever had, or, but for this document, hereafter would or could have against any of the GloStation Parties (1) arising out of or related to the GloStation Parties' obligations under the Franchise Agreement or (2) otherwise arising from or related to your and the other Releasing Parties' relationship, from the beginning of time to the date of your signature below, with any of the GloStation Parties. You, on your own behalf and on behalf of the other Releasing Parties, further covenant not to sue any of the GloStation Parties on any of the Claims released by this paragraph and represent that you have not assigned any of the Claims released by this paragraph to any individual or entity who is not bound by this paragraph.

We also are entitled to a release and covenant not to sue from your owners. By his, her, or their separate signatures below, your owners likewise grant to us the release and covenant not to sue provided above.

You and your owners, for yourselves and each of the Releasing Parties, hereby waive and relinquish every right or benefit which he, she, or it has under any state or federal law limiting the effectiveness of releases, to the fullest extent that he, she, or it may lawfully waive such right or benefit. In connection with this waiver and relinquishment, with respect to the Claims, you and your owners, for yourselves and each of the Releasing Parties, acknowledges that he, she, or it may hereafter discover facts in addition to or different from those which he, she, or it now knows or believes to be true with respect to the subject matter of this release, but that it is the parties' intention, fully, finally and forever to settle and release all such Claims, known or unknown, suspected or unsuspected, which now exist, may exist or did exist, and, in furtherance of such

intention, the releases given hereunder shall be and remain in effect as full and complete releases, notwithstanding the discovery or existence of any such additional or different facts.

***

The following language applies only to transactions governed by the Washington Franchise Investment Act

The release provided above does not apply with respect to claims arising under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

FRANCHISOR:

GloStation Franchising USA, Inc., a Delaware corporation

By: _____
Name: _____
Title: _____

Date: _____

FRANCHISEE:

(IF ENTITY)

_____
[Name]

By: _____
Name: _____
Title: _____

Date: _____

(IF INDIVIDUALS)

_____
[Signature]

_____
[Print Name]

_____
[Signature]

_____
[Print Name]

Date: _____

FRANCHISEE OWNER(S):

_____	_____
[Printed Name]	[Printed Name]
_____	_____
[Signature]	[Signature]
Date: _____	Date: _____

EXHIBIT J

ADDITIONAL DISCLOSURES AND RIDERS
REQUIRED BY STATE FRANCHISE LAWS

The following provision applies only to Sandbox VR Business franchisees and franchises that are subject to state franchise registration/disclosure laws in California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, or Wisconsin:

> No statement, questionnaire, or acknowledgment signed or agreed to by Franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by Franchisor, any franchise seller, or any other person acting on behalf of Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

ADDENDUM
TO FRANCHISE DISCLOSURE DOCUMENT FOR
STATE OF CALIFORNIA

The registration of this franchise offering by the California Department of Financial Protection and Innovation does not constitute approval, recommendation, or endorsement by the commissioner

1. THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE FRANCHISE DISCLOSURE DOCUMENT.

2. SECTION 31125 OF THE FRANCHISE INVESTMENT LAW REQUIRES US TO GIVE YOU A DISCLOSURE DOCUMENT APPROVED BY THE COMMISSIONER OF THE DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION BEFORE WE ASK YOU TO CONSIDER A MATERIAL MODIFICATION OF YOUR FRANCHISE AGREEMENT.

3. Our website, https://franchise.sandboxvr.com/, has not been reviewed or approved by the California Department of Financial Protection and Innovation. Any complaints concerning the content of the website may be directed to the California Department of Financial Protection and Innovation at www.dfpi.ca.gov.

4. The following paragraph is added to the "Special Risks to Consider About This Franchise" page:

> **Spousal Liability**. While your spouse need not sign a personal guarantee unless he or she is an owner of the legal entity that is the franchisee, the fact that California is a community-property state means that both your and your spouse's marital and personal assets, including your house, could be lost if your franchise fails.

5. The following is added at the end of Item 3:

> Neither we nor any person or franchise broker in Item 2 of the Disclosure Document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. Sections 78a et seq., suspending or expelling such persons from membership in that association or exchange.

6. The following is added to the "Remarks" column of the line-item entitled "Interest" in Item 6:

> The highest interest rate allowed under California law is 10% annually.

8. The following paragraphs are added at the end of Item 17:

> California Business and Professions Code Sections 20000 through 20043 provide rights to franchisees concerning termination, transfer, or nonrenewal of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the law, and the law applies, the law will control.

The Franchise Agreement contains a covenant not to compete that extends beyond termination of the franchise. This provision might not be enforceable under California law.

The Franchise Agreement requires binding arbitration. The arbitration will occur within 10 miles of the Franchisor's principal office (currently Pleasanton, California) at the time that the arbitration demand is filed, before a single arbitrator with the costs being borne as provided in the Franchise Agreement. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of the Franchise Agreement restricting venue to a forum outside the State of California.

The Franchise Agreement requires application of the laws of the State of Delaware with certain exceptions. This provision might not be enforceable under California law.

The Franchise Agreement provides for termination upon insolvency. This provision might not be enforceable under federal bankruptcy law (11 U.S.C.A. Section 101 et seq.).

The Franchise Agreement requires you to sign a general release of claims upon renewal or transfer of your franchise. California Corporations Code section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule or order thereunder is void. Section 31512 might void a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 31000 through 31516). Business and Professions Code Section 20010 might void a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 through 20043).

The Franchise Agreement and Development Rights Agreement contain provisions shortening the statute of limitations to bring claims and requiring you to waive your right to punitive or exemplary damages against the franchisor, limiting your recovery to actual damages for any claims related to your franchise. Under California Corporations Code section 31512, these provisions are not enforceable in California for any claims you may have under the California Franchise Investment Law.

No disclaimer, questionnaire, clause, or statement signed by a franchisee in connection with the commencement of the franchise relationship shall be construed or interpreted as waiving any claim of fraud in the inducement, whether common law or statutory, or as disclaiming reliance on or the right to rely upon any statement made or information provided by any franchisor, broker or other person acting on behalf of the franchisor that was a material inducement to a franchisee's investment. Any statements or representations signed by a franchisee purporting to understand any fact or its legal effect shall be deemed made only based upon the franchisee's understanding of the law and facts as of the time of the franchisee's investment decision. This provision supersedes any other or inconsistent term of any document executed in connection with the franchise.

ADDENDUM
TO FRANCHISE DISCLOSURE DOCUMENT FOR
STATE OF HAWAII

The following is added to the end of Item 5:

> The Hawaii Department of Commerce and Consumer Affairs requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the franchise agreement.

ADDENDUM
TO FRANCHISE DISCLOSURE DOCUMENT FOR
STATE OF ILLINOIS

The following statements are added to the end of Item 5:

The Illinois Attorney General's Office requires us to defer payment of the Initial Franchise Fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the Franchise Agreement and the franchisee has commenced business operations. The Illinois Attorney General's Office imposed this deferral requirement due to Franchisor's financial condition.

The Illinois Attorney General's Office requires Franchisor to defer payment of the Development Fee and other initial payments due under the Development Rights Agreement until Franchisor has completed its pre-opening obligations under the Development Rights Agreement and the franchisee has commenced operating its first business. The Illinois Attorney General's Office imposed this deferral requirement due to Franchisor's financial condition.

The following statements are added to the end of Item 17:

Except to the extent governed by the Federal Arbitration Act, the United States Trademark Act of 1946 or other federal law, Illinois law governs the Franchise Agreement.

In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.

Franchisees' rights upon termination and non-renewal are set forth in Sections 19 and 20 of the Illinois Franchise Disclosure Act.

In conformance with Section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

ADDENDUM
TO FRANCHISE DISCLOSURE DOCUMENT FOR
STATE OF MARYLAND

1. The following language is added as the last paragraph of Items 5 and 7:

Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, we will defer your payment of the initial franchise fee due to us under the Franchise Agreement until we have fulfilled all our initial obligations to you under the Franchise Agreement and you have commenced operating the Franchised Business. You must pay us the initial franchise fee on the day you begin operating your Franchised Business. In addition, we will defer your payment of the development fee due to us under the Development Rights Agreement until we have fulfilled all our initial obligations to you, and you have commenced operating your first Franchised Business. You must pay us the development fee due under a Development Rights Rider to the Franchise Agreement on the day you begin operating your first Franchised Business.

2. The following language is added to the end of the "Summary" sections of Item 17(c), entitled **Requirements for franchisee to renew or extend**, and Item 17(m), entitled **Conditions for Franchisor approval of transfer**:

Any release required as a condition of renewal and/or assignment/transfer will not apply to any liability under the Maryland Franchise Registration and Disclosure Law. (The form of general release that we currently intend to use in connection with franchise transfers and renewals is provided in Exhibit I of this Franchise Disclosure Document.)

3. The following language is added to the end of the "Summary" section of Item 17(h), entitled "**Cause" defined – non-curable defaults**:

The Franchise Agreement provides for termination upon bankruptcy. This provision might not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.), but we will enforce it to the extent enforceable.

4. The "Summary" section of Item 17(v), entitled **Choice of forum**, is deleted in its entirety and the following is substituted in its place:

Litigation is in the state and city of our then current principal business address (currently Pleasanton, California), except that, subject to your arbitration obligation, and to the extent required by the Maryland Registration and Disclosure Law, you may bring an action in Maryland.

5. The "Summary" section of Item 17(w), entitled **Choice of law**, is deleted in its entirety and the following is substituted in its place:

Delaware law generally applies, except for the Federal Arbitration Act, other federal law, and claims arising under the Maryland Franchise Registration and Disclosure Law.

6. The following language is added to the end of the chart in Item 17:

You must bring any claims arising under the Maryland Franchise Registration and Disclosure Law within 3 years after the grant of the franchise.

ADDENDUM
TO FRANCHISE DISCLOSURE DOCUMENT FOR
STATE OF MINNESOTA

1. The following language is added to the end of the "Summary" sections of Item 17(c), entitled **Requirements for franchisee to renew or extend**, and Item 17(m), entitled **Conditions for franchisor approval of transfer by franchisee**:

Any release required as a condition of renewal and/or assignment/transfer will not apply to the extent prohibited by the Minnesota Franchises Law.

2. The following paragraphs are added to the end of Item 17:

For franchises governed by the Minnesota Franchises Law, we will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4, and 5 which require, except in certain specified cases, that you be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice of non-renewal of the franchise agreement.

Minnesota Statutes, Section 80C.21 and Minn. Rule 2860.4400(J) prohibit us from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring you to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreements can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction. However, we and you will enforce these provisions in the Agreement to the extent the law allows.

ADDENDUM
TO FRANCHISE DISCLOSURE DOCUMENT FOR
STATE OF NEW YORK

1. The following information is added to the cover page of the Franchise Disclosure Document:

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 28 LIBERTY STREET, 21ST FLOOR, NEW YORK, NEW YORK 10005. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

2. The following is added to the end of Item 3:

Except as provided above, with regard to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.

B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10 year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud, embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian

franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of Item 4:

Neither the franchisor, its affiliate, its predecessor, officers, or general partner during the 10-year period immediately before the date of the offering circular: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debt under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after that officer or general partner of the franchisor held this position in the company or partnership.

4. The following is added to the end of Item 5:

We use the initial franchise fee to partially defray our costs in assisting you during your opening of the Sandbox VR Business, such as for our training expenses.

5. The following is added to the end of the "Summary" sections of Item 17(c), entitled **Requirements for franchisee to renew or extend**, and Item 17(m), entitled **Conditions for franchisor approval of transfer**:

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Section 687.4 and 687.5 be satisfied.

6. The following language replaces the "Summary" section of Item 17(d), entitled "Termination by franchisee":

You may terminate the agreement on any grounds available by law.

7. The following is added to the end of the "Summary" section of Item 17(j), entitled "Assignment of contract by franchisor":

However, no assignment will be made except to an assignee who in good faith and judgment of the franchisor, is willing and financially able to assume the franchisor's obligations under the Franchise Agreement.

8. The following is added to the end of the "Summary" sections of Item 17(v), entitled "Choice of forum," and Item 17(w), entitled "Choice of law":

> The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.

ADDENDUM
TO FRANCHISE DISCLOSURE DOCUMENT FOR
STATE OF NORTH DAKOTA

1. The following language is added to the end of the "Summary" sections of Item 17(c), entitled **Requirements for franchisee to renew or extend**, and Item 17(m), entitled **Conditions for franchisor approval of transfer by franchisee**:

> However, any release required as a condition of renewal and/or assignment/transfer will not apply to the extent prohibited by the North Dakota Franchise Investment Law.

2. The following is added to the end of the "Summary" section of Item 17(r), entitled **Non-competition covenants after the franchise is terminated or expires**:

> Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota. However, we will seek to enforce them to the extent enforceable.

3. The following is added to the end of the "Summary" section of Item 17(u), entitled **Dispute resolution by arbitration or mediation**:

> However, to the extent required by the North Dakota Franchise Investment Law (unless preempted by the Federal Arbitration Act), arbitration will be at a site to which we and you mutually agree.

4. The "Summary" section of Item 17(v), entitled **Choice of forum**, is deleted and replaced with the following:

> Litigation is in the state and city of our then current principal business address (currently Pleasanton, California), except that, subject to your arbitration obligation, and to the extent required by the North Dakota Franchise Investment Law, you may bring an action in North Dakota.

5. The "Summary" section of Item 17(w), entitled **Choice of law**, is deleted and replaced with the following:

> Delaware law generally applies, except for Federal Arbitration Act, other federal law and, as otherwise required by the North Dakota Franchise Investment Law, North Dakota law applies.

ADDENDUM
TO FRANCHISE DISCLOSURE DOCUMENT FOR
STATE OF RHODE ISLAND

1. The "Summary" section of Item 17(v), entitled **Choice of forum**, is deleted in its entirety and the following is substituted in its place:

> Litigation is in the state and city of our then current principal business address (currently Pleasanton, California), except that, subject to your arbitration obligation, and to the extent required by the Rhode Island Franchise Investment Act, you may bring an action in Rhode Island.

2. The "Summary" section in Item 17(w), entitled **Choice of law**, is deleted in its entirety and the following is substituted in its place:

> Delaware law generally applies, except for Federal Arbitration Act, other federal law, and claims arising under the Rhode Island Franchise Investment Act.

ADDENDUM
TO FRANCHISE DISCLOSURE DOCUMENT FOR
COMMONWEALTH OF VIRGINIA

The following is added to the end of Item 5:

> The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the franchise agreement.

The following is added to the end of the "Summary" section of Item 17(h), entitled "Cause" defined – non-curable defaults:

> Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the Franchise Agreement do not constitute "reasonable cause," as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

ADDENDUM
TO FRANCHISE DISCLOSURE DOCUMENT FOR
STATE OF WASHINGTON

The following disclosures are added to the end of Item 17:

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

RCW 19.100.180 may supersede the Franchise Agreement in your relationship with us including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the Franchise Agreement in your relationship with us including the areas of termination and renewal of your franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the Franchise Agreement, you may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the Franchise Agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

Transfer fees are collectable to the extent that they reflect our reasonable estimated or actual costs in effecting a transfer.

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed $100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed $250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the Franchise Agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the Franchise Agreement or elsewhere are void and unenforceable in Washington.

THE FOLLOWING PAGES IN THIS EXHIBIT ARE
STATE-SPECIFIC RIDERS TO THE
FRANCHISE AGREEMENT AND DEVELOPMENT RIGHTS AGREEMENT

RIDER TO THE
FRANCHISE AGREEMENT
FOR USE IN HAWAII

1. **Initial Franchise Fee**. Section 5.A of the Franchise Agreement is deleted in its entirety and the following is substituted in its place:

> The Hawaii Department of Commerce and Consumer Affairs requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the Franchise Agreement.

RIDER TO THE
FRANCHISE AGREEMENT
FOR USE IN ILLINOIS

This Rider is entered into this ___ day of _____, 20__, by and between GLOSTATION FRANCHISING USA, INC., a Delaware corporation ("we," "us," or "our"), and _____ ("Franchisee," "you," or "your").

1. **Background**. We and you are parties to that certain Franchise Agreement dated _____, 20__ (the "Franchise Agreement") that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) any of the offering or sales activity relating to the Franchise Agreement occurred in Illinois and the Franchised Business will be located or operated in Illinois and/or (b) you are a resident of Illinois.

2. **Initial Franchise Fee**. Section 5.A of the Franchise Agreement is deleted in its entirety and the following is substituted in its place:

> The Illinois Attorney General's Office requires us to defer payment of the Initial Franchise Fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the Franchise Agreement and the franchisee has commenced business operations. The Illinois Attorney General's Office imposed this deferral requirement due to Franchisor's financial condition.

3. **Governing Law**. Section 18.G of the Franchise Agreement is deleted in its entirety and the following is substituted in its place:

> Except to the extent governed by the Federal Arbitration Act, the United States Trademark Act of 1946 or other federal law, Illinois law governs the Franchise Agreement.

4. **Jurisdiction**. Section 18.H of the Franchise Agreement is deleted in its entirety and the following is substituted in its place:

> In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in this Agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, this Agreement may provide for arbitration to take place outside of Illinois.

5. **Renewal and Termination**. The following language is added at the beginning of Sections 14 and 15.B of the Franchise Agreement:

> Your rights upon termination and non-renewal are set forth in Sections 19 and 20 of the Illinois Franchise Disclosure Act.

6. **Waiver of Jury Trial**. The following language is added to the end of Section 18.I of the Franchise Agreement:

However, this waiver shall not apply to the extent prohibited by Section 705/41 of the Illinois Franchise Disclosure Act of 1987 or Illinois Regulations at Section 260.609.

7. **Illinois Franchise Disclosure Act**: The following language is added as a new Section 18.N of the Franchise Agreement:

18.N. Illinois Franchise Disclosure Act

In conformance with Section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of the Act or any other law of Illinois is void. However, that Section shall not prevent any person from entering into a settlement agreement or executing a general release regarding a potential or actual lawsuit filed under any provision of the Act, nor shall it prevent the arbitration of any claim pursuant to the provisions of Title 9 of the United States Code.

IN WITNESS WHEREOF, the parties have executed this Rider to the Franchise Agreement on the date stated on the first page.

FRANCHISOR	**FRANCHISEE**
GLOSTATION FRANCHISING USA, INC.	[_____]
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____

RIDER TO THE
DEVELOPMENT RIGHTS AGREEMENT
FOR USE IN ILLINOIS

This Rider is entered into this ___ day of _____, 20__, by and between GLOSTATION FRANCHISING USA, INC., a Delaware corporation ("we," "us," or "our"), and _____ ("Developer," "you," or "your").

1. **Background**. We and you are parties to that certain Development Rights Agreement dated _____, 20__ (the "Development Agreement") that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Development Agreement. This Rider is being signed because (a) you are a resident of Illinois, and/or (b) the Sandbox VR Business(es) you will develop under the Development Rights Agreement is located in the State of Illinois and the offering or sales activity in connection with the Development Rights Agreement occurred within the State of Illinois.

2. **Development Fee**. Section 4 of the Development Rights Agreement is deleted in its entirety and the following is substituted in its place:

> The Illinois Attorney General's Office requires Franchisor to defer payment of the Development Fee and other initial payments due under the Development Rights Agreement until Franchisor has completed its pre-opening obligations under the Development Rights Agreement and the franchisee has commenced operating its first business. The Illinois Attorney General's Office imposed this deferral requirement due to Franchisor's financial condition.

3. **Illinois Franchise Disclosure Act**. The following language is added to the Development Agreement as a new Section 18:

> 18. Illinois Franchise Disclosure Act
>
> In conformance with Section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of the Act or any other law of Illinois is void. However, that Section shall not prevent any person from entering into a settlement agreement or executing a general release regarding a potential or actual lawsuit filed under any provision of the Act, nor shall it prevent the arbitration of any claim pursuant to the provisions of Title 9 of the United States Code.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties have executed this Rider to the Franchise Agreement on the date stated on the first page.

FRANCHISOR	**FRANCHISEE**
GLOSTATION FRANCHISING USA, INC.	[_____]
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____

RIDER TO THE
FRANCHISE AGREEMENT
FOR USE IN MARYLAND

This Rider is entered into this ___ day of _____, 20__, by and between GLOSTATION FRANCHISING USA, INC., a Delaware corporation ("we," "us," or "our"), and _____ ("Franchisee," "you," or "your").

1. **Background**. We and you are parties to that certain Franchise Agreement dated _____, 20__ (the "Franchise Agreement") that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) you are a resident of Maryland, and/or (b) the Franchised Business will be located or operated in Maryland.

2. **Initial Franchise Fee**. The following language is added to the end of Section 5.A of the Franchise Agreement:

> Based upon our financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, Franchisor will defer Franchisee's payment of the initial franchise fee due to Franchisor under this Agreement until Franchisor has fulfilled all its initial obligations to Franchisee under this Agreement and Franchisee has commenced operating the Franchised Business. Franchisee must pay Franchisor the initial franchise fee on the day Franchisee begins operating the Franchised Business.

3. **Assignment and Renewal.** The following language is added at the end of Section 13.C.(3) and Section 14.B(3) of the Franchise Agreement:

> ; provided, however, that such general release shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

4. **Termination**. The following language is added to the end of Section 15.B(17) of the Franchise Agreement:

> ; however, such provision might not be enforceable under federal bankruptcy law (11 U.S.C. Section 1010 et seq.), although we intend to enforce it to the extent enforceable.

5. **Governing Law**. Section 18.G of the Franchise Agreement is deleted in its entirety and the following is substituted in its place:

> Except to the extent governed by the Federal Arbitration Act, United States Trademark Act of 1946 (the Lanham Act, 15 U.S.C. §§ 1051 et seq.) or other federal law, and except as otherwise required by law for claims arising under the Maryland Franchise Registration and Disclosure Law, this Agreement will be construed and interpreted, and our relationship with you and the rights and obligations of the parties governed, in accordance with the laws of the State of Delaware (other than the choice of law provisions thereof).

6. **Jurisdiction**. The following language is added to the end of Section 18.H, entitled "Consent to Jurisdiction," of the Franchise Agreement:

> Notwithstanding the foregoing, you may bring an action in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

7. **Acknowledgements**. The following language is added to the Franchise Agreement as a new Section 21 entitled "Acknowledgements":

> **20. Acknowledgments**. All representations requiring you to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

IN WITNESS WHEREOF, the parties have executed this Rider to the Franchise Agreement on the date stated on the first page.

FRANCHISOR	**FRANCHISEE**
GLOSTATION FRANCHISING USA, INC.	[_____]
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____

RIDER TO THE
DEVELOPMENT RIGHTS AGREEMENT
FOR USE IN MARYLAND

This Rider is entered into this ___ day of _____, 20__, by and between GLOSTATION FRANCHISING USA, INC.,, a Delaware corporation ("we," "us," or "our"), and _____ ("Developer," "you," or "your").

1. **Background**. We and you are parties to that certain Development Rights Agreement dated _____, 20__ (the "Development Agreement") that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Development Agreement. This Rider is being signed because (a) you are a resident of Maryland, and/or (b) the Sandbox VR Business(es) you will operate under a separate Franchise Agreement with us will be located or operated in Maryland.

2. **Development Fee**. The following language is added to the end of Section 4 of the Development Agreement:

> Based upon the Franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all development fees and initial payments by the Developer shall be deferred until the first franchise under this Agreement opens.

3. **Acknowledgements**. The following language is added to the Development Agreement as a new Section 18 entitled "Acknowledgements":

> **18. Acknowledgments**. All representations requiring you to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

IN WITNESS WHEREOF, the parties have executed this Rider to the Development Agreement on the date stated on the first page.

FRANCHISOR	**DEVELOPER**
GLOSTATION FRANCHISING USA, INC.	[_____]
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____

RIDER TO THE
FRANCHISE AGREEMENT
FOR USE IN MINNESOTA

This Rider is entered into this ___ day of _____, 20__, by and between GLOSTATION FRANCHISING USA, INC.,, a Delaware corporation ("we," "us," or "our"), and _____ ("Franchisee," "you," or "your").

1. **Background**. We and you are parties to that certain Franchise Agreement dated _____, 20__ (the "Franchise Agreement") that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) the offer or sale of the franchise for the Franchised Business you will operate under the Franchise Agreement was made in the State of Minnesota, and/or (b) the Franchised Business will be located or operated in Minnesota.

2. **Assignment and Renewal**. The following language is added to the end of Section 13.C.(3) and Section 14.B(3) of the Franchise Agreement:

> Any release as a condition of renewal and/or assignment or transfer will not apply to the extent prohibited by law with respect to claims arising under Minn. Rule 2860.4400 D.

3. **Renewal and Termination**. The following language is added to the end of Section 15.B and Section 14 of the Franchise Agreement:

> Minnesota law provides you with certain termination and non-renewal rights. Minn. Stat. Section 80C.14, subds, 3, 4 and 5 require, except in certain specified cases, that you be given ninety (90) days' notice of termination (with sixty (60) days to cure) and one hundred eighty (180) days' notice for non-renewal of this Agreement.

4. **Governing Law**. The following language is added to the end of Section 18.G of the Franchise Agreement:

> Pursuant to Minn. Stat. § 80C.21 and Minn. Rule part 2860.4400(J), this section shall not in any way abrogate or reduce your rights as provided for in Minnesota Statutes 1984, chapter 80c, including the right to submit matters to the jurisdiction of the courts of Minnesota.

5. **Jurisdiction**. The following language is added to the end of Section 18.H of the Franchise Agreement:

> Minnesota Statutes, Section 80C.21 and Minnesota Rule 2860.4400(J) prohibit us from requiring litigation to be conducted outside Minnesota or requiring waiver of a jury trial.

6. **Limitation of Claims**. The following sentence is added to the end of Section 18.K of the Franchise Agreement:

> Minnesota law provides that no action may be commenced under Minn. Stat. Sec. 80C.17 more than three (3) years after the cause of action accrues.

7. **Waiver of Punitive Damages/Waiver of Jury Trial**. The following language is added to the beginning of Section 18.I of the Franchise Agreement:

Except as otherwise required by the Minnesota Franchises Law,

IN WITNESS WHEREOF, the parties have executed this Rider to the Franchise Agreement on the date stated on the first page.

FRANCHISOR	**FRANCHISEE**
GLOSTATION FRANCHISING USA, INC.	[_____]
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____

RIDER TO THE
FRANCHISE AGREEMENT
FOR USE IN NEW YORK

This Rider is entered into this ___ day of _____, 20__, by and between GLOSTATION FRANCHISING USA, INC., a Delaware corporation ("we," "us," or "our"), and _____ ("Franchisee," "you," or "your").

1. **Background**. We and you are parties to that certain Franchise Agreement dated _____, 20__ (the "Franchise Agreement") that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) the offer or sale of the franchise for the Franchised Business you will operate under the Franchise Agreement was made in the State of New York, and/or (b) you are a resident of New York and will operate the Franchised Business in New York.

2. **Assignment and Renewal**. The following language is added to the end of Section 13.C.(3) and Section 14.B(3) of the Franchise Agreement:

> ; provided, however, that all rights enjoyed by you and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of GBL Sections 687.4 and 687.5 be satisfied.

3. **Termination**. The following language is added to the end of Section 15.A of the Franchise Agreement:

> You may terminate this Agreement on any grounds available by law under the provisions of Article 33 of the General Business Law of the State of New York.

4. **Assignment by Franchisor**. The following language is added to the end of Section 13.A of the Franchise Agreement:

> However, to the extent required by applicable law, no transfer will be made except to an assignee who, in our good faith judgment, is willing and able to assume our obligations under this Agreement.

5. **Governing Law**. The following language is added to the end of Section 18.G of the Franchise Agreement:

> **; HOWEVER, THE GOVERNING CHOICE OF LAW SHALL NOT BE CONSIDERED A WAIVER OF ANY RIGHT CONFERRED UPON YOU BY THE PROVISIONS OF ARTICLE 33 OF THE NEW YORK STATE GENERAL BUSINESS LAW.**

6. **Jurisdiction**. The following language is added to the end of Section 18.H of the Franchise Agreement:

> However, to the extent required by Article 33 of the General Business Law of the State of New York, this Section shall not be considered a waiver of any right

conferred upon you by the provisions of Article 33 of the New York State General Business Law, as amended, and the regulations issued thereunder.

7. **Application of Rider**. There are circumstances in which an offering made by us would not fall within the scope of the New York General Business Law, Article 33, such as when the offer and acceptance occurred outside the State of New York. However, an offer or sale is deemed to be made in New York if you are domiciled in and the franchise will be opened in New York. We are required to furnish a New York prospectus to every prospective franchisee who is protected under the New York General Business Law, Article 33.

IN WITNESS WHEREOF, the parties have executed this Rider to the Franchise Agreement on the date stated on the first page.

FRANCHISOR	**FRANCHISEE**
GLOSTATION FRANCHISING USA, INC.	[_____]
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____

RIDER TO THE
FRANCHISE AGREEMENT
FOR USE IN RHODE ISLAND

This Rider is entered into this ___ day of _____, 20__, by and between GLOSTATION FRANCHISING USA, INC., a Delaware corporation ("we," "us," or "our"), and _____ ("Franchisee," "you," or "your").

1. **Background**. We and you are parties to that certain Franchise Agreement dated _____, 20__ (the "Franchise Agreement") that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) the offer or sale of the franchise for the Franchised Business you will operate under the Franchise Agreement was made in the State of Rhode Island, and/or (b) you are a resident of Rhode Island and will operate the Franchised Business in Rhode Island.

2. **Governing Law**. Section 18.G of the Franchise Agreement is deleted in its entirety and the following is substituted in its place:

> Except to the extent governed by the Federal Arbitration Act, United States Trademark Act of 1946 (the Lanham Act, 15 U.S.C. §§ 1051 *et seq*) or other federal law, and except as otherwise required by law for claims arising under the Rhode Island Franchise Investment Act, this Agreement will be construed and interpreted, and our relationship with you and the rights and obligations of the parties governed, in accordance with the laws of the State of Delaware (other than the choice of law provisions thereof).

3. **Jurisdiction**. The following is added to the end of Section 18.H of the Franchise Agreement:

> Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that "A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of laws of another state is void with respect to a claim otherwise enforceable under this Act."

[Signature Page Follows]

IN WITNESS WHEREOF, the parties have executed this Rider to the Franchise Agreement on the date stated on the first page.

FRANCHISOR	**FRANCHISEE**
GLOSTATION FRANCHISING USA, INC.	[_____]
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____

RIDER TO THE
FRANCHISE AGREEMENT FOR USE IN VIRGINIA

This Rider is entered into this ___ day of _____, 20__, by and between GLOSTATION FRANCHISING USA, INC., a Delaware corporation ("we," "us," or "our"), and _____ ("Franchisee," "you," or "your").

1. **Background**. We and you are parties to that certain Franchise Agreement dated _____, 20__ (the "Franchise Agreement") [and Development Rights Agreement dated _____, 20 __], that has/have been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Franchise Agreement [and Development Rights Agreement]. This Rider is being signed because the Franchised Business you will operate under the Franchise Agreement [and Development Rights Agreement] will be located in Virginia.

2. **Initial Franchise Fee**. Section 5.A of the Franchise Agreement is deleted in its entirety and the following is substituted in its place:

> The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the franchise agreement.

IN WITNESS WHEREOF, the parties have executed this Rider to the Franchise Agreement [and Development Rights Agreement] on the date stated on the first page.

FRANCHISOR	**FRANCHISEE OR DEVELOPER**
GLOSTATION FRANCHISING USA, INC.	[_____]
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____

RIDER TO THE
DEVELOPMENT RIGHTS AGREEMENT FOR USE IN VIRGINIA

This Rider is entered into this ___ day of _____, 20__, by and between GLOSTATION FRANCHISING USA, INC., a Delaware corporation ("we," "us," or "our"), and _____ ("Franchisee," "you," or "your").

1. **Background**. We and you are parties to that certain Franchise Agreement dated _____, 20__ (the "Franchise Agreement") [and Development Rights Agreement dated _____, 20 __], that has/have been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Franchise Agreement [and Development Rights Agreement]. This Rider is being signed because the Franchised Business you will operate under the Franchise Agreement [and Development Rights Agreement] will be located in Virginia.

2. **Development Fee**. Section 4 of the Development Rights Agreement is deleted in its entirety and the following is substituted in its place:

> The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires Franchisor to defer payment of the Development Fee and other initial payments due under the Development Rights Agreement until Franchisor has completed its pre-opening obligations under the Development Rights Agreement and the franchisee has commenced operating its first business.

IN WITNESS WHEREOF, the parties have executed this Rider to the Franchise Agreement [and Development Rights Agreement] on the date stated on the first page.

FRANCHISOR	**FRANCHISEE OR DEVELOPER**
GLOSTATION FRANCHISING USA, INC.	[_____]
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____

RIDER TO THE
FRANCHISE AGREEMENT, DEVELOPMENT RIGHTS AGREEMENT, DISCLOSURE ACKNOWLEDGMENT STATEMENT, AND RELATED AGREEMENTS FOR USE IN WASHINGTON

This Rider is entered into this ___ day of _____, 20__, by and between GLOSTATION FRANCHISING USA, INC., a Delaware corporation ("we," "us," or "our"), and _____ ("Franchisee," "you," or "your").

1. **Background**. We and you are parties to that certain Franchise Agreement dated _____, 20__ (the "Franchise Agreement") that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) the offer or sale of the franchise for the Franchised Business you will operate under the Franchise Agreement was made in the State of Washington, (b) you are a resident of Washington, and/or (c) the Franchised Business will be located or operated in Washington.

2. **Addition of Paragraphs**. The following paragraphs are added to the end of the Franchise Agreement:

> In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act (the "Act"), Chapter 19.100 RCW will prevail.
>
> RCW 19.100.180 may supersede this Agreement in your relationship with us including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede this Agreement in your relationship with us including the areas of termination and renewal of your franchise.
>
> In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by this Agreement, you may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Act, in Washington.
>
> A release or waiver of rights executed by a franchisee may not include rights under the Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.
>
> Transfer fees are collectable to the extent that they reflect the franchisee's reasonable estimated or actual costs in effecting a transfer.
>
> Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed $100,000 per year (an amount that will be adjusted annually for inflation).

In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed $250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in this Agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in this Agreement or elsewhere are void and unenforceable in Washington.

IN WITNESS WHEREOF, the parties have executed this Rider to the Franchise Agreement on the date stated on the first page.

FRANCHISOR	**FRANCHISEE**
GLOSTATION FRANCHISING USA, INC.	[_____]
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____

NEW YORK REPRESENTATIONS PAGE

THE FRANCHISOR REPRESENTS THAT THIS DISCLOSURE DOCUMENT DOES NOT KNOWINGLY OMIT ANY MATERIAL FACT OR CONTAIN ANY UNTRUE STATEMENT OF A MATERIAL FACT.

STATE EFFECTIVE DATES

The following states require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin.

This Franchise Disclosure Document is registered, on file or exempt from registration in the following states having franchise registration and disclosure laws, with the following effective dates:

State	Effective Date
California	Pending
Hawaii	Pending
Illinois	Pending
Indiana	May 23, 2023
Maryland	Pending
Michigan	May 25, 2023
Minnesota	Pending
New York	Pending
North Dakota	Pending
Rhode Island	June 2, 2023
South Dakota	May 23, 2023
Virginia	August 2, 2023
Washington	Pending
Wisconsin	May 23, 2023

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

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 GloStation Franchising USA, Inc. offers you a franchise, it must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

New York requires that GloStation Franchising USA, Inc. gives you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires that GloStation Franchising USA, Inc. gives you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If GloStation Franchising USA, Inc. does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency identified on Exhibit A.

The franchisor is GloStation Franchising USA, Inc., located at 4695 Chabot Drive, Suite 200, Pleasanton, California 94588. Its telephone number is (925) 558-2768.

Issuance date: May 10, 2023

The name, principal business address, and telephone number of each franchise seller offering the franchise are as follows: Gina Moughty, whose contact information is 4695 Chabot Drive, Suite 200, Pleasanton, California 94588, (925) 558-2768; Lee Hebditch, whose contact information is 4695 Chabot Drive, Suite 200, Pleasanton, California 94588, (925) 558-2768; and _____.

GloStation Franchising USA, Inc. authorizes the respective state agents identified in Exhibit A to receive service of process for us in the particular states.

I received a Franchise Disclosure Document from GloStation Franchising USA, Inc., dated as of May 10, 2023, that included the following Exhibits:

A	List of State Agencies/Agents for Service of Process
B	Franchise Agreement
C	Development Rights Agreement
D	Proprietary Software License Agreement
E	Operations Manual Table of Contents
F	List of Franchisees
G	List of Franchisees Who Have Left the System
H	Financial Statements
I	Release on Renewal/Transfer
J	Additional Disclosures and Riders Required by State Franchise Laws

_____	_____
Date	Prospective Franchisee [Print Name]
(Date, Sign, and Return to Us)	_____
	Prospective Franchisee [Signature]

Item 23

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If GloStation Franchising USA, Inc. does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency identified on Exhibit A.

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G	List of Franchisees Who Have Left the System
H	Financial Statements
I	Release on Renewal/Transfer
J	Additional Disclosures and Riders Required by State Franchise Laws

_____	_____
Date	Prospective Franchisee [Print Name]
(Date, Sign, and Keep for Your Own Records)	_____ Prospective Franchisee [Signature]