

## FRANCHISE DISCLOSURE DOCUMENT



### FunBox Franchise LLC

A Nevada limited liability company  
2510 East Sunset Road, Suite 5-400  
Las Vegas, Nevada 89120  
Phone: 626-317-5150  
Email: [l@funbox.com](mailto:l@funbox.com)  
[www.funbox.com](http://www.funbox.com)

We offer franchises to qualified individuals to own and operate either an indoor or outdoor FunBox® amusement park (a “FunBox Park”) under the names, logos, and Service Marks which include “FunBox”, “FunBox Amusement Park”, “World’s Biggest Bounce Park!”, “FunBox JumpPark”, and “FunBox City”. Our franchisees are authorized to offer amusement parks and related services and merchandise to the public under the Service Marks (the “Method of Operation”).

The total initial investment necessary to begin operation of an indoor FunBox franchise ranges from \$665,000 to \$1,505,000. This includes from \$205,000 to \$285,000 that must be paid to us or our affiliates.

The total initial investment necessary to begin operation of an outdoor FunBox franchise ranges from \$647,000 to \$855,000. This includes from \$525,000 to \$620,000 that must be paid to us or our affiliates.

This disclosure document summarizes certain provisions of your franchise agreement and other information in plain English. Read this Disclosure Document and all accompanying agreements carefully. You must receive this Disclosure Document at least 14 calendar-days before you sign a binding agreement with, or make any payment to, the franchisor or an affiliate in connection with the proposed franchise sale. **Note however, that no governmental agency has verified the information contained in this document.**

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Laurence Hallier at 2510 East Sunset Road, Suite 5-400, Las Vegas, Nevada 89120, [l@funbox.com](mailto:l@funbox.com).

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

Buying a franchise is a complex investment. The information in this Disclosure Document can help you make up your mind. More information on franchising, such as “*A Consumer’s Guide to Buying a Franchise*,” which can help you understand how to use this Disclosure Document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, D.C. 20580. You can also visit the FTC’s home page at [www.ftc.gov](http://www.ftc.gov) for additional information. Call your state agency or visit your public library for other sources of information on franchising.

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

ISSUANCE DATE: September 13, 2024

## How to Use This Franchise Disclosure Document

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

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

## What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

### Some States Require Registration

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

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

## Special Risks to Consider About *This Franchise*

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

1. **Out-of-State Dispute Resolution**. The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in Nevada. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in Nevada than in your own state.
2. **Spousal Liability**. Your spouse must sign a document that makes your spouse liable for all financial obligations under the franchise agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both your and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.
3. **Short Operating History**. The franchisor is at an early stage of development and has a limited operating history. This franchise is likely to be a riskier investment than a franchise in a system with a longer operating history.
4. **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.
5. **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.
6. **Unopened Franchises**. The franchisor has signed a significant number of franchise agreements with franchisees who have not yet opened their outlets. If other franchisees are experiencing delays in opening their outlets, you also may experience delays in opening your own outlet.

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 APPLIES TO TRANSACTIONS GOVERNED BY  
THE MICHIGAN FRANCHISE INVESTMENT LAW ONLY)**

**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.**

Each of the following provisions is void and unenforceable if contained in any documents relating to a franchise:

- (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 protection 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 sub-franchisor.

- (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 endorsement by the attorney general.**

Any questions regarding this notice should be directed to:

State of Michigan Department of Attorney General  
G. Mennen Williams Building, 7th Floor  
525 W. Ottawa Street  
Lansing, Michigan 48909  
Telephone Number: (517) 373 7117

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

To simplify the language in this Disclosure Document, the words “we,” “our” and “us”, and “FunBox” refer to FunBox Franchise, LLC, the franchisor. “You” means the person or entity that has been granted the right to develop one or more FunBox franchised businesses, the franchisee. If you are an entity, “Designated Principal” means one of the individuals with an ownership interest in you who will be responsible for the day-to-day operation of the franchise, attending training, and communication with us.

### **The Franchisor**

We are a limited liability company established under Nevada law on March 15, 2021. Our principal business address is 2510 East Sunset Road, Suite 5-400, Las Vegas, Nevada 89120. We conduct business under our corporate name, “FunBox”, and also under the names “FunBox Amusement Park”, “World’s Biggest Bounce Park!”, “FunBox JumpPark”, and “FunBox City”. We have offered franchises since April 2022.

Other than as stated above, we are not in any other business, we do not operate businesses of the type being franchised, we have not conducted business in any other line of business and we have not offered or sold franchises in any other line of business.

### **Our Parents, Predecessors and Affiliates**

We have no predecessors.

We are wholly owned by our parent, FunBox Holdings, LLC. FunBox Holdings, LLC is a Nevada limited liability company that was formed in 2019. Its principal business address is 2510 East Sunset Road, Suite 5-400, Las Vegas, NV 89120. FunBox Holdings, LLC wholly owns FunBox Franchise, LLC and Giant Inflatable Systems, LLC. FunBox Holdings, LLC has not and does not offer or sell franchises in any other line of business or provide products or services to our franchisees except through us and our Affiliate, Giant Inflatable Systems, LLC.

Our Affiliate, Giant Inflatable Systems, LLC, has its principal business address at 2510 East Sunset Road, Suite 5-400, Las Vegas, NV 89120. The Affiliate is the exclusive approved supplier for inflatable amusement park and related equipment required to operate the franchised business. The Affiliate has not and does not offer or sell franchises in any other line of business.

### **Our Agent for Service of Process**

Our agent for service of process is disclosed in Exhibit D of this Disclosure Document. The name and address of our agent for service of process in Nevada is: Laurence Hallier, 2510 East Sunset Road, Suite 5-400, Las Vegas, Nevada 89120.

### **Our Business Operations**

We grant qualified candidates the right to develop and operate either an indoor or outdoor entertainment business, each referred to as a “Franchised Business”. These businesses feature inflatable play equipment, goods and beverages, and related products, operating under our uniform and proprietary system. They are identified by our trade name and service mark, along with other trade names, service marks, trademarks, logos, and commercial symbols that we may designate from time to time.

## **General Description of the Franchise**

You will have the right to develop and operate one or more indoor or outdoor FunBox franchised businesses, using our marks and our system. This includes operational guidelines, opening guidelines, our design specifications and proprietary information, and our initial and ongoing training programs and marketing and promotional assistance. Our standards, guidelines, and specifications are outlined in our confidential manual (the “Manual”) and may be updated or modified in writing from time to time. You will own the underlying assets of the business; those assets will be operated by you, as our franchisee, under a license from us. The franchise described is known as “FunBox”, “FunBox Amusement Park”, “World’s Biggest Bounce Park!”, “FunBox JumpPark”, and/or “FunBox City”. (“FunBox”). FunBox is involved in the business of operating indoor and outdoor businesses featuring large inflatable amusement games along with interactive games and activities.

You may enter into a Franchise Agreement, which outlines your rights and obligations in the operation of each franchised business (the “Franchise Agreement”). If you enter into a Franchise Agreement, as a franchisee, you will be required to develop, establish and operate a FunBox business in accordance with the requirements of our System. Your rights under the Franchise Agreement will be limited to the establishment and operation of one FunBox business, providing only our approved services and products in conformity with our System and within your designated Territory. Each Franchise Agreement will be between you and us, and each of your owners will guarantee your obligations to us.

## **Market and Competition**

Our principal targeted customers are children under the age of 18. FunBox Parks compete primarily with other businesses that offer family oriented entertainment, including theme parks, amusement parks, arcades, restaurants and businesses that rent inflatable products for home parties, including regional and national chains and franchise systems. The family entertainment business is very competitive. The Indoor business is open year around and the Outdoor park is seasonal usually during warmer months of the year.

## **Industry-Specific Regulations**

There may be regulations specific to the operation of a FunBox Business in your state that, among other things, require you to maintain a certain ratio between supervisory employees and the number of children on each ride or in the Park. You will also be required to comply with all local, state, and federal health and sanitation laws and regulations. Many states now regulate the use of amusement rides, which include inflatable devices. You should consult with your attorney and local, state, and federal government agencies before investing in a franchise to determine all of the legal requirements that you must comply with, and consider their impact on you and the cost of compliance. It is your responsibility to investigate, satisfy, and stay current on all local, state, and federal laws and regulations since they vary from place to place and can change over time.

You are responsible for preparing a site survey of the proposed Premises and all required construction plans and specifications to suit the Premises for our review. You must ensure that these plans and specifications comply with the Americans with Disabilities Act (“ADA”), similar rules governing public accommodations for persons with disabilities, and other applicable local ordinances, building codes, and permit requirements.

You are advised to consult with legal counsel, risk management/insurance advisors, and/or other business advisors to understand the laws, insurance requirements, and other regulations applicable to your development and operation of a FunBox Business and the hiring of employees at the FunBox Business.

## **ITEM 2. BUSINESS EXPERIENCE**

### **Founder, President, and Managing Member – Laurence Hallier**

Laurence Hallier has served as our President and Founder since our inception in March 2021. Mr. Hallier also continues to serve as President of Hallier Investments, LLC which owns and operates FunBox businesses since 2019. Mr. Hallier has served as President and Founder of our Affiliate, Giant Inflatable Systems, LLC, since 2021. Since 1999, Mr. Hallier has been the President of Show Media, LLC based in Los Angeles, CA.

### **Co-Founder & Vice President – Antonio Nieves**

Antonio Nieves has served as our Vice President and Co-Founder since our inception in March 2021. Mr. Nieves has been Vice President of Hallier Investments, LLC since June 2018. Mr. Nieves previously served as Director of Marketing of Show Media in Las Vegas, Nevada, from May 2015 to June 2018.

### **Executive Vice President and Head of Real Estate – Suat Gokmen**

Suat Gokmen has served as Executive Vice President and Head of Real Estate for us and our parent company, FunBox Holdings, LLC in Las Vegas, NV, since May 2022. Previously, he was an independent Automotive Consultant based out of Billings, Montana for various enterprises from October 2021 to April 2022. From January 2020 to September 2021, he was General Manager for Mercedes Benz Billings, in Billings, Montana. Additionally, he served as Broker/Principal for Universal Luxury Realty LLC in Miami, Florida from January 2018 to December 2019.

### **Co-Founder & In-House Legal Counsel – Randon Hansen**

Randon Hansen has served as our In-House Legal Counsel and Co-Founder since our inception in March 2021. He has been an attorney at R Hansen Law P.C., in Henderson Nevada, since July 2014, and In-House Legal Counsel for 12five Capital, LLC, in Chicago, Illinois, since February 2020. Mr. Hansen served as General, In-House Legal Counsel for K2 Energy Solutions, Inc. in Henderson, Nevada from November 2010 to November 2018.

## **ITEM 3. LITIGATION**

No litigation is required to be disclosed in this Item.

## **ITEM 4. BANKRUPTCY**

No bankruptcies are required to be disclosed in this Item.

## **ITEM 5. INITIAL FEES**

### **Initial Franchise Fee**

You will be required to pay an Initial Franchise Fee. The initial Franchise Fee for either an Indoor Park or Outdoor Park is \$75,000 (the “Franchise Fee”). The Initial Franchise Fee is due in full upon signing the franchise agreement, is uniform and is fully earned when paid and is non-refundable except as stated below.

### **Inflatable Amusement Park Cost**

When you purchase a FunBox franchise, you will be required to purchase one proprietary inflatable amusement park and related equipment which will be used to operate the franchised business. This equipment must be purchased from our affiliate, Giant Inflatable Systems, LLC. Our affiliate, Giant

Inflatable Systems, LLC is the only approved supplier for the inflatable amusement park. The total cost of the inflatable amusement park for the Outdoor Park will be between \$445,000 to \$535,000 and for the Indoor Park will be between \$125,000 to \$200,000. The fee for the inflatable amusement park is due in full upon at the time of ordering, is uniform and is fully earned when paid and is non-refundable except.

**Initial Inventory**

You must order all inventory materials from us prior to opening your Park. These materials include Fun Socks, signs and banners, employee uniforms and the colored wristbands. The costs of those materials range from \$5,000 to \$10,000. The initial inventory fee will vary based upon the amount and type of inventory needed, but is fully earned when paid and is non-refundable except.

**ITEM 6. OTHER FEES**

<b>Type of Fee</b>	<b>Amount</b>	<b>Due Date</b>	<b>Remarks</b>
Royalty Fee	You will pay to us 8% of your Gross Revenue for the preceding month as a Royalty Fee.	The Royalty Fee will be paid directly from the third party tickets and/or CC vendor or by the 10th day of each month.	Payments will begin on and will be prorated from the date the Franchise opens for business. This payment may be made by automatic account withdrawal or other automatic processes we specify in the Operations Manual. <sup>1</sup>
Local Advertising Requirement (Indoor Park only)	The greater of \$1,000 or 2% of your Gross Revenue	Each week	This amount is spent each week in your local market to advertise and promote the Franchise. You will report the nature, extent, and amount of these local expenditures, in the form and at times we require in the Operations Manual.
Additional Training	Currently, up to \$1,000 per day plus all travel expenses	Before training	This payment may be made by automatic account withdrawal or other automatic processes we specify in the Operations Manual.
Additional Assistance	Up to \$1,000 per day plus all travel expenses	As incurred	This payment may be made by automatic account withdrawal or other automatic processes we specify in the Operations Manual.
Annual Convention Fee	Currently, \$0	As incurred	If we host an annual convention, you may attend at our then-current fee per person.

Transfer Fee	5% of the sales price plus a \$12,500 training fee for the buyer	Before transfer	This fee will reimburse us for our reasonable legal, accounting, credit check, and investigation expenses that result from the transfer. This fee is due regardless of who locates the buyer. (Subject to state law)
Renewal, Refurbish, and Remodel	Actual costs which can vary	Upon renewal	You will reimburse us for our reasonable out-of-pocket costs concerning renewal. You will refurbish, remodel, and replace the FunBox Business, fixtures, and equipment to conform to the then current Operations Manual and Method of Operation. There will be no limitation on the amount that we may require you to spend on refurbishing, remodeling, and replacement.
Late Charges	\$65 plus 10% interest of the overdue amount	While amounts owed remain unpaid	Any late charges will not exceed the maximum rate allowed by applicable law. This payment may be made by automatic account withdrawal or other automatic processes we specify in the Operations Manual.
Insufficient Funds Fee	The greater of \$50 or 5% of the payment amount or the maximum fee allowed by law.	As incurred	If we attempt a draw or other process that is returned unsatisfied for any reason, we may charge you a \$50 fee for each unsatisfied attempt.
Fines for Non-Compliance with Franchise Agreement	\$100 for the first non-compliance for which we give you written notice, \$250 for the second non-compliance, and \$500 for the third and each subsequent non-compliance.	As Incurred	You shall not be required to pay fines at a rate greater than the maximum allowed by applicable law. This payment may be made by automatic account withdrawal or other automatic processes

			we specify in the Operations Manual.
Audits	You must reimburse us for audit costs including the charges of any independent accountant and the travel expenses, room, board, and compensation of our employees incurred in connection with the audit.	As Incurred	You must periodically submit to us your sales reports, quarterly and annual financial statements, and tax returns. We may audit your books, business records, sales reports, financial statements, merchant processing accounts and records, and tax returns at any time. The audits shall be conducted at our expense unless you understate the Gross Revenue by more than 2 percent for any reported period or periods. Your failure to report Gross Revenue for any period will be deemed a willful understatement by more than 2 percent.
Collection Costs	You will cover all collection costs, including reasonable attorney fees	As Incurred	If we are required to retain an attorney or collection agency to collect delinquent payments that you owe to us.
Inspection and Testing of Proposed Suppliers	Actual costs	As Incurred	You will reimburse us for our reasonable out-of-pocket costs concerning such inspections and testing.

Notes:

1. All fees paid to us or our affiliates are uniform and not refundable under any circumstances once paid. Fees paid to vendors or other suppliers may be refundable depending on the vendors and suppliers. We currently require you to pay fees and other amounts due to us or our affiliates via electronic funds transfer (“EFT”) or other similar means. You are required to complete our then-current EFT authorization. We can require an alternative payment method or payment frequency for any fees or amounts owed to us or our affiliates under the Franchise Agreement. All fees are current as of the Issuance Date of this Franchise Disclosure Document. Certain fees that we have indicated may increase over the term of the Franchise Agreement.

2. "Revenue" means all receipts generated by the Franchise from any source, including sales (based upon the “suggested retail prices” expressed in the Operations Manual, without regard to discounts, parties, open play, food and beverage sales, merchandise sales, party deposits, arcade, direct or indirect barter transactions, rentals, exchanges, repairs, services, labor, service charges, service contracts, etc., and excludes refunds and sales taxes. Credit transactions will be included in Revenue as of the date of the transaction without deduction for uncollected credit accounts. The proceeds from any business

interruption insurance or eminent domain recovery you receive will be included in "Revenue." "Gross Monthly Revenue" means the total Revenue for any calendar month.

**ITEM 7. ESTIMATED INITIAL INVESTMENT**

**A. Franchise Agreement**

**YOUR ESTIMATED INITIAL INVESTMENT  
INDOOR PARK**

<b>Type of Expenditure</b>	<b>Amount</b>	<b>Method of Payment<sup>1</sup></b>	<b>When Due</b>	<b>To Whom Payment is to be Made</b>
Initial Franchise Fee	\$75,000	Lump Sum	Upon Execution of the Franchise Agreement	Us
Grand Opening Advertising	\$5,000 - \$10,000	As Incurred	As Incurred	Marketing Agencies, Social Media, Etc.
Lease and Security Deposits	\$50,000 - \$90,000	As Incurred	As Incurred	Landlord, Utility Companies and Suppliers
Licenses, Dues, Utility Deposits, Etc.	\$5,000 - \$10,000	Lump Sum	Before Opening	Government Agencies and Organizations
Leasehold Improvements/ Architect	\$250,000- \$800,000	Lump Sum	Before Opening	Landlord, Architect, Construction Company
Furniture/ Fixtures	\$80,000 - \$120,000	As Incurred	Before Opening	Approved Suppliers
Signage	\$10,000 - \$20,000	Lump Sum	Before Opening	Approved Suppliers
Computer Hardware and Software, Cameras, Music and Security Systems	\$20,000 - \$25,000	As Incurred	Before Opening	Suppliers
Initial Inventory	\$5,000 - \$10,000	As Incurred	Before Opening	Approved Suppliers
Inflatable Park Components	\$125,000 - \$200,000	As Incurred	Before Opening	Our Affiliate
Arcade Games and Vending	\$5,000 - \$70,000	As Incurred	As Incurred	Vendors
Professional Fees	\$5,000 - \$10,000	As Incurred	As Incurred	Vendors
Insurance	\$5,000 - \$15,000	As Incurred	Before Opening	Insurers
Miscellaneous Opening Costs including Travel	\$5,000 - \$10,000	As Incurred	As Incurred	Suppliers, Utilities, etc.
Additional Funds – Two Months	\$20,000 - \$40,000	As Incurred	As Incurred	Employees, Suppliers, Utilities, etc.
<b>TOTAL</b>	<b>\$665,000 - \$1,505,000</b>			

### **Explanatory Notes for Indoor Park:**

1. Lease and Security Deposits. The ideal size of a FunBox Business should range between 12,000 and 22,000 square feet. In most cases, the landlord will require a security and/or rental deposit. Usually, the landlord will require you to pay the equivalent of at least one month's rent. Rental rates or deposits on an unknown location cannot be predicted in advance. However, the deposit will most likely depend on the size and location of the FunBox Business. These costs will vary greatly depending on the area where the FunBox Business will be located. The item in each table represents one month's rent as a security deposit and your first month's rent. The low range in each table represents the least expensive deposit for a FunBox Business of the size described above, and the high range is the most expensive deposit for a FunBox Business of that size. In most cases, franchisees rent rather than purchase property. The initial investment assumes you will rent the premises for your FunBox Business and does not cover any debt service you incur or related fees such as loan interest, loan origination fees, and any and all other fees associated with the financing of the project. If you purchase the property, your initial expenses will dramatically increase.
2. Leasehold Improvements and Architect Fees. When a site has been selected by you and approved by us in writing, you will select a licensed architect that meets our standards or has been approved by us who will provide you with a preliminary layout and suggestions for the design of a typical FunBox Business and then a full set of design plans. You will pay for the local architect's services directly. The cost of construction, improvements or building varies widely by the size of the space, the existing improvements (including if you are rebranding from one of our affiliated brands) and local construction rates. Sometimes you may receive a construction allowance from the landlord and if so, the costs may be reduced accordingly. The cost of leasehold improvements in the above Table do not include any of the items already listed in this Table entitled "Furniture/Fixtures", "Attractions" or "Equipment and Supplies. In some cases, costs may be significantly higher or lower depending on lease negotiations with local landlords.
3. Furniture/Fixture. This range includes, but is not limited to, furniture, storage racks, lockers, kiosk, and displays. You must purchase these items from approved suppliers. This range assumes that these items being purchased are new and the costs include installation. If you are rebranding from one of our affiliated brands, this estimate is lower because the furniture and fixtures required will be less.
4. Computer Hardware and Software, Cameras, Music and Security Systems. The type of POS System you must purchase is described in Item 11. You are required to purchase and install the POS system approved by us. Also included in this range is the cost of the register and the network. The number of computer stations and certain additional extra equipment will determine the amount of this Item. You must purchase the designated POS package from our approved vendor and all the necessary modules that come with the program. Additional information about the required POS System is included in Item 11.
5. Inflatable Park Components. The inflatable park estimate includes current manufacturing, shipping and import duties of all the inflatable parts and electric fans and will depend on the size and games that are included. You must order your inflatable park within 90-days of signing a lease for the FunBox Business location.
6. Additional Funds. This item estimates your initial startup expenses during the initial period of the operation of your Park, which we estimate is two months. These expenses include rent, payroll costs, benefits, utilities, additional inventory requirements, supplies, advertising, and marketing costs after the first month the Park is open, etc., but do not include Royalty Fees and Advertising Fees and do not include an owner's salary or draw or any expenses which are listed in the above chart. These figures are estimates, and there may be additional expenses to start the business.

**B. Franchise Agreement**

**YOUR ESTIMATED INITIAL INVESTMENT  
OUTDOOR PARK**

<b>Type of Expenditure</b>	<b>Amount</b>	<b>Method of Payment<sup>1</sup></b>	<b>When Due</b>	<b>To Whom Payment is to be Made</b>
Initial Franchise Fee	\$75,000	Lump Sum	Upon Execution of the Franchise Agreement	Us
Lease and Utilities Deposits and Payments	\$5,000 - \$50,000	As Incurred	As Incurred	Landlord, Utility Companies and Suppliers
Architect, Engineer & Permits	\$2,000 - \$5,000	Lump Sum	Before Opening	Vendors
Equipment & Furniture	\$80,000 - \$120,000	As Incurred	Before Opening	Approved Suppliers
Computer Hardware and Software, Cameras, Music and Security Systems	\$5,000 - \$10,000	As Incurred	Before Opening	Suppliers
Initial Inventory	\$5,000 - \$10,000	As Incurred	Before Opening	Approved Suppliers
Inflatable Park Components	\$445,000 - \$535,000	As Incurred	Before Opening	Our Affiliate
Employee Wages (1 month)	\$2,500 - \$5,000	As Incurred	As Incurred	Employees
Professional Fees	\$2,500 - \$5,000	As Incurred	As Incurred	Vendors
Insurance	\$5,000 - \$10,000	As Incurred	Before Opening	Insurers
Miscellaneous Opening Costs	\$15,000 - \$20,000	As Incurred	As Incurred	Suppliers, Utilities, etc.
Additional Funds - One Month	\$5,000 - \$10,000	As Incurred	As Incurred	Employees, Suppliers, Utilities, etc.
<b>TOTAL</b>	<b>\$647,000 - \$855,000</b>			

These estimated initial expenses are our best estimate of the costs you may incur in establishing and operating your FunBox Franchise. We do not offer direct or indirect financing for these items. All expenditures paid to us or our affiliates are uniform and nonrefundable under any circumstances once paid. All expenses payable to third parties are nonrefundable, except as you may arrange for utility deposits and other payments.

**Explanatory Notes for Outdoor Park:**

1. Lease and Security Deposits. A typical outdoor park will be for a shorter term (6 to 12 weeks) and will include rent per month and possible a percentage rent over a break point. Rental rates or deposits on an unknown location cannot be predicted in advance. However, the deposit will most likely depend on the size and location of the FunBox Business. These costs will vary

greatly depending on the area where the FunBox Business will be located. The low range in each table represents the least expensive deposit for a FunBox Business of the size described above, and the high range is the most expensive deposit for a FunBox Business of that size.

2. Computer Hardware and Software, Cameras, Music and Security Systems. The type of POS System you must purchase is described in Item 11. You are required to purchase and install the POS system approved by us. Also included in this range is the cost of the register and the network. The number of computer stations and certain additional extra equipment will determine the amount of this Item. You must purchase the designated POS package from our approved vendor, which may be updated or changed by us, and all the necessary modules that come with the program. Additional information about the required POS System is included in Item 11.
3. Inflatable Park Components. The inflatable park estimate includes current manufacturing, shipping and import duties of all the inflatable parts and electric fans and will depend on the size and games that are included. You must order your inflatable park within 30-days of signing the franchise agreement.
4. Additional Funds. This item estimates your initial startup expenses during the initial period of the operation of your Park, which we estimate is one month. These expenses include rent, payroll costs, benefits, utilities, additional inventory requirements, supplies, advertising, and marketing costs after the first month the Park is open, etc., but do not include Royalty Fees and Advertising Fees and do not include an owner's salary or draw or any expenses which are listed in the above chart. These figures are estimates, and you may have additional expenses to start the business.

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

Except as described below, you are not obligated to purchase or lease from us, our designees or suppliers approved by us, or under our specifications, any products, games, inflatable and play equipment, machinery, systems or other equipment, or real estate relating to operating your FunBox Business.

To ensure a uniform image and uniform quality of products and services throughout the franchise system, you must purchase all games, inflatable and play equipment, food products, supplies, ingredients, machinery, systems, furnishings, merchandise, employee uniforms, goods, fixtures, inventory, paper products, packaging, and other items used, sold, displayed or distributed in your FunBox Business (i) in compliance with our standards and specifications contained in the Manual or otherwise communicated to you by us in writing and (ii) from suppliers designated or approved in writing by us. We may designate, at any time and for any reason, a single or multiple suppliers for these items and require you to purchase exclusively from such designated supplier or suppliers, which exclusive designated supplier(s) may be us or an affiliate of ours.

You must purchase your initial and ongoing supply of FunBox branded merchandise and printed materials from us. We are the exclusive supplier of branded merchandise which has the FunBox logos on it. These items include FunBox branded socks called FunSocks, FunBox birthday party supplies (plates, cups, utensils), FunBox branded t-shirts and caps (both for children and staff), and wristbands, FunBox branded brochures, invitations, FunBox gift cards and passes, and all other FunBox branded printed materials. The printed materials are for in-park use and include brochures, invitations, business cards, admission passes, and other items, all of which bear the FunBox names and logos. We may add additional branded merchandise items to this list, which you must purchase only from us.

Our affiliate, Giant Inflatable Systems, LLC is the sole supplier for inflatable amusement park and related equipment. Our Manual and other communications will identify our standards and specifications and the names of approved or designated suppliers. Our parent, FunBox Holdings, LLC, is the owner of Giant Inflatable Systems, LLC.

We will derive income from the supplies, inventory, goods, products, services, and name branded materials that we sell to you. This income results from the difference in the amount we pay for them and the amount we charge you for them. We estimate that approximately 5% to 10% percent of our total revenues will be from these purchases from us, or entities affiliated with us, by our franchisees. In fiscal year ending December 31, 2023, this represented \$0 or 0% of our total revenues of \$2,500,954. In fiscal year ending December 31, 2023, our affiliate, Giant Inflatable Systems, LLC, received \$1,657,031 in revenue from franchisee required purchases. We may receive rebates, price adjustments, or discounts on products or services sold to you by recommended or approved suppliers. Currently this amounts to a 0% discount on products we purchase from our suppliers.

We must approve the site for your FunBox Business and the site must meet our then-current site criteria. If you lease the site for your FunBox Business, you must collaterally assign your lease to us by signing the form of Collateral Assignment of Lease attached as an exhibit to the franchise agreement and have your landlord sign the Collateral Assignment of Lease consenting to the assignment. Under the Collateral Assignment of Lease, we will be granted the right, but not the obligation, to take possession of your FunBox Business' premises if your franchise agreement is terminated.

We and our affiliates have the right to receive payments from authorized suppliers based upon their dealings with you and other franchisees and we may use the monies we receive without restriction for any purpose we deem appropriate or necessary. Suppliers may pay us based upon the quantities of products the franchise system purchases from them. These fees will usually be based upon the amount purchased, or, in the case of food products, an amount per case or an amount per pound. We may receive fees from a supplier as a condition of our approval of that supplier. We do not provide material benefits to franchisees (for example, renewal of existing or granting additional franchises) based on their use of designated or approved suppliers. Except as disclosed in this Item 8, we do not currently receive payments from authorized suppliers related to their dealings with our franchisees and the franchise system. During our fiscal year ended December 31, 2023, we did not have any revenue from suppliers based on their dealings with our franchisees and the franchise system.

We may negotiate supply arrangements with suppliers for the benefit of franchisees.

**Insurance.** You must obtain insurance for your park business including coverage for (a) comprehensive General Liability of \$1,000,000 per occurrence and \$2,000,000 aggregate; (b) \$1,000,000 umbrella; (c) Workers Compensation including Employers Liability of no less than \$1,000,000 per occurrence, aggregate and umbrella; (d) Employment Practices Liability of no less than \$500,000; (e) Internet Liability of not less than \$1,000,000; and (f) Insurance in an amount to replace the inflatables, furniture, fixtures, and equipment in your park. The cost of your insurance will vary depending on the insurance carriers' charges, the terms of payment, and your insurance history.

All insurance policies, except your workers compensation and commercial property liability policies, must contain, or be endorsed to contain, a provision naming us and Giant Inflatable Systems, LLC as additional insureds. Specifically, with respect to liability arising from your premises, operations, products, and completed operations, the general liability policy should include an additional insured – grantor of franchise endorsement.

**Maintenance, Service and Support Contracts.** We may require you to maintain maintenance contracts or service contracts on all equipment and machinery designated by us (the cost may vary based on the items and the contract you select) and we will have the right to designate the vendor(s) for those contracts. We may also require you to maintain a contract(s), or participate in any of our contracts, with third-party(ies) offering customer service, shopper experience, food safety or other service programs designed to audit, survey, evaluate or inspect business operations. We have the right to specify the third

party(ies) and the required level of participation in such programs. You will be responsible for the cost of maintaining these contracts and/or participating in these programs. Currently we require that you use Roller, Xola and/or Square.

**Procedure for Supplier Approval.** If (i) you wish to purchase any item from a supplier (manufacturer or distributor) we have not previously approved or an item that does not comply with our standards and specifications and (ii) the item has not been designed by us to be exclusively supplied by a designated supplier(s), you must first submit to us a written request for approval. We will establish a procedure for submitting these requests. We will require the proposed supplier to provide us with certain financial and operational information and other information regarding the supplier and the items to be approved. In addition, the proposed supplier must permit our representatives to inspect its facilities (e.g. business offices and/or manufacturing facilities, as applicable). Before we approve a supplier, we will evaluate the economic terms of a possible relationship and ensure that the proposed supplier meets our requirements. We reserve the right, at our option, and at the proposed supplier's expense, to inspect or reinspect the facilities, equipment, and raw materials of any supplier, at any time.

The proposed supplier or you must pay, in advance, a fee not to exceed the reasonable cost of any evaluation, testing, and inspections we undertake. Within a reasonable time frame after we receive the completed request and after we complete any evaluation and inspection or testing, we will notify you in writing of our approval or disapproval of the proposed supplier or item. Generally, we will respond to your requests for supplier approval within a reasonable time period not to exceed 90 days. We are not required to approve any supplier or item not meeting our standards and specifications. We may deny approval for any reason, including our determination to limit the number of approved suppliers. You must not use, offer for sale or sell any of the proposed supplier's products or any other product that does not meet our standards or specifications until you receive our written approval of the proposed supplier or item.

We may revoke our approval of particular products or services, or of the supplier that supplies them, if we determine, in our sole discretion, that they no longer meet our standards or specifications. If you receive a written notice of revocation from us, you must stop selling disapproved products and/or stop purchasing from the disapproved supplier.

**Refurbishments.** As part of your obligations under the franchise agreement and Manual, you are required to maintain and repair the FunBox Business. In addition, at our request, but not more often than once every 5 years for an indoor location or the earlier of (a) 4 years after commencing operations or (b) 24 total months of outdoor operations for an outdoor location, unless sooner required by your lease, you must refurbish the premises of the FunBox Business at your expense. This refurbishment must bring the premises in line with the FunBox Business trade dress, color schemes and presentation of the Marks, consistent with the then-current image for new FunBox Businesses ("Refurbishments"). Refurbishments may include structural changes, installation of new equipment and signs, remodeling, redecoration and modifications to existing improvements. We are unable to estimate your costs for future Refurbishments which will vary from FunBox Business to FunBox Business based on a number of factors like: (i) the market where your franchise is located; (ii) the size of your FunBox Business; (iii) when your FunBox Business was last refurbished, if applicable; (iv) the amount of franchise system changes since the last refurbishment; and (v) the overall condition of your FunBox Business site and equipment.

Refurbishment of the FunBox Business does not include the inflatable amusement park. The inflatable amusement parks have a maximum life of 4 years or 24 months of actual use for Outdoor Parks or 24 months of actual use for Indoor Parks (the "Usable Life"). At the end of the Usable Life of an inflatable amusement park you must have the park destroyed or disposed of fully with all branding fully removed and all parts being unusable, or you agree to list the park for sale through us for a potential customer

outside the United States of America. We may grant a 12-month extension to the Usable Life upon your written request, our inspection of the park and proof that you have made any repairs we deem necessary to the park.

We estimate that purchases and leases made by you from designated or approved suppliers, or according to our standards and specifications, represents 20% to 70% or more of your total cost of establishing, and approximately 5% to 10% of the total cost of operating, your FunBox Business. As of the date of this document, there are no purchasing or distribution cooperatives within the franchise system. In the future, we may require you to (i) become a member of any purchasing and/or distribution cooperative(s)/association(s)/program(s) designated by us and/or established by us for the franchise system, (ii) remain a member in good standing of the purchasing and/or distribution cooperative(s)/association(s)/program(s), and (iii) pay all membership dues or fees on purchases that are assessed by the purchasing and/or distribution cooperative(s)/association(s)/association(s).

## ITEM 9. FRANCHISEE’S OBLIGATIONS

**This table lists Your principal obligations under the Franchise Agreement and other agreements. It will help You find more detailed information about Your obligations in these agreements and in other items of this Disclosure Document.**

### FRANCHISEE’S OBLIGATIONS

Obligation	Section in agreement	Disclosure Document Item
a. Site selection and acquisition/lease	§9.1	Items 6 and 11
b. Pre-opening purchases/leases	§11.20	Item 8
c. Site development and other pre-opening requirements	§§9.1, 10.1, 11	Items 6, 7, 11
d. Initial and ongoing training	§§10.1, 10.2, 10.3	Item 11
e. Opening	§9.2	Item 11
f. Fees	§§5, 6, 7, 8.1, 8.2, 8.3	Items 5, 6, 7 and 11
g. Compliance with standards and policies/operating manual	§§10.6, 11	Item 11
h. Trademarks and proprietary information	§§4, 11.1, 11.15, 11.16	Items 13 and 14
i. Restrictions on products/services offered	§11.3	Items 8 and 16
j. Warranty and customer service requirements	§11.3	Item 16
k. Territorial development and sales quotas	§2.2	Item 12
l. Ongoing product/service purchases	§11.20	Item 8
m. Maintenance, appearance and remodeling requirements	§9	Item 11
n. Insurance	§13.1	Items 6 and 8
o. Advertising	§§8, 11.8.1	Items 6 and 11
p. Indemnification	§§13.2, 13.3	Item 6

q. Owner's participation/management/staffing	§11.13	Items 11 and 15
r. Records and reports	§14.2	Item 6
s. Inspections and audits	§§11.9.3, 14	Items 6 and 11
t. Transfer	§15	Item 17
u. Renewal	§3.2	Item 17
v. Post-termination obligations	§§18, 19.2	Item 17
w. Non-competition covenants	§19	Item 17
x. Dispute resolution	§§20.3, 20.4	Item 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.**

### **Franchisor's Pre-opening Obligations under the Franchise Agreement**

Before you open your FunBox Business, we will:

1. If you plan to operate an Indoor Park, we will review your site information and confirm the acceptability of your site subject to our minimum standards and specifications. We will make a reasonable effort to approve your site within 30 days of our receipt of your complete request, which includes all required information. Factors considered in selection and confirmation of a site include population, traffic count, foot traffic, accessibility, visibility, demographics and competition in the area. You are exclusively responsible for selecting a location for your FunBox Business. (Franchise Agreement, Section 9.2)
2. If you plan to operate an Indoor Park, review your lease agreement for the site to confirm whether our minimum terms for inclusion in the lease are satisfied. We do not assist with negotiating the purchase or lease of your site or assist with conforming the premises to local ordinances and building codes or obtaining any required permits. In addition, we may require you to furnish us with a copy of the signed lease within five (5) days after its execution. (Franchise Agreement, Section 9.1)
3. Provide you with suggested staffing guidelines for hiring employees, operational instructions which you can use as part of training new employees. All hiring decisions and conditions of employment are your sole responsibility. (Franchise Agreement, Section 11.13)
4. Provide you access to the confidential Manual. The Manual currently consists of 188 pages and may be amended from time to time. The Manual is confidential and remains our property because it is our intellectual property. We may modify the Manual from time to time, but these modifications will not alter your status and rights and obligations under the Franchise Agreement. The table of contents for the Manual are attached as Exhibit E to this Disclosure Document. (Franchise Agreement, Section 10.6)
5. If you plan to operate an Indoor Park, we will provide a set of prototype plans for construction, or guidelines for buildout. These plans and guidelines are intended to serve as a reference and should not be solely relied upon by you in the construction and/or buildout. Your final construction or buildout plans must be confirmed as acceptable by us in advance. You must use an approved architect and an approved civil engineer to customize your construction/buildout plans. (Franchise Agreement, Section 9.2)
6. Provide you with written specifications for the operation and management of the business, primarily through the Manual, including lists of approved/required items of equipment and inventory

and designated or approved suppliers of such items. We do not provide, deliver or install such items. (Franchise Agreement, Section 10.6)

7. Within 1 month before you open for business, provide an initial training program, which must be successfully completed. More details about initial training appear later in this Item 11. You are solely responsible for your travel and lodging expenses for training. (Franchise Agreement, Section 10.2)

8. We, or our affiliate, will sell to you the inflatable components, supplies, inventory, name branded products, computer software, and other items you are required to purchase from us or from persons affiliated with us after payments of amounts due for such items. (Franchise Agreement, Section 9.1)

### **Time to Opening**

The typical length of time between the signing of a Franchise Agreement and the opening of the FunBox Business is between 120 and 365 days, depending on the type of park you are opening. This time estimate may vary depending on the timing of the confirmation of your site, the extent of lease negotiations, any delays in obtaining governmental approvals and other factors affecting the completion of construction, completing training, and obtaining insurance among other things.

You will not open your FunBox Business before (1) successful completion of the initial training program and all other required training, (2) purchasing all required insurance and providing us, at our option, proof of coverage, (3) obtaining all required licenses, certifications, permits and other governmental approvals, and (4) performing Grand Opening Advertising. Failure to open within 12 months (for an Indoor Park) and 15 months (for an Outdoor Park) from the signing of the Franchise Agreement may be considered a breach of the Franchise Agreement and could potentially lead to termination of the Franchise Agreement, subject to the terms and conditions stipulated therein.

### **Franchisor's obligations during Your Operation of the Franchise**

During the operation of your FunBox Business, we may, but will not be obligated to:

1. Provide you with information on new developments, techniques and improvements related to the system and to operations. (Franchise Agreement, Section 10)
2. We will provide you with suggested staffing guidelines for hiring employees, as well as operational instructions which you can use as part of training new employees. Please note that all hiring decisions and conditions of employment fall under your sole responsibility. (Franchise Agreement, Section 11.13)
3. Offer certain additional training programs that we may require you to attend. (Franchise Agreement, Section 10.3)
4. Advise you of operating problems from your reports or our inspections. (Franchise Agreement, Section 11.9 and 11.17)
5. Offer you guidance on prices for the products and services that, in our judgment, constitute good business practice.

### **Site Selection**

You must obtain and maintain a site acceptable to us for your FunBox Business. If a site for your FunBox Business has not been selected by the date you sign the Franchise Agreement, you must submit to us a complete report for a site you propose. We will use reasonable efforts to accept or not accept a proposed site within 30 days after receiving your site report. Our determination to approve or disapprove a site may be based on various criteria, which we may change in our discretion, including business count, traffic count, accessibility, parking, visibility, competition and license availability. You must send us all

information we require for the proposed site. We typically do not own the site where your FunBox Business is located and lease it to you.

If operating an Indoor Park, you must obtain our written approval of a proposed site for your FunBox Business before signing any lease, sublease, or other document for the site. We also must approve the lease for your site. Our approval of a lease is conditioned upon the inclusion of certain lease terms required by us pursuant to a form of lease rider attached as Attachment C to the Franchise Agreement. These lease terms shall include a collateral assignment of the lease. You must obtain our written approval of your FunBox Business's proposed site and sign a lease we approve for that premises within 12 months of the effective date of the Franchise Agreement and open for business within 12 months of signing a lease. You must deliver to us a signed copy of the lease within 10 days after its execution. If you have not received our approval of your FunBox Business's proposed site and lease within 12 months after signing the Franchise Agreement, we may terminate the Franchise Agreement upon notice to you.

If operating an Outdoor Park, you must secure a satisfactory location and lease agreement for the franchise in the territory you have selected, and we have approved within 6 months after the date of the Franchise Agreement, complete all mandatory training to our satisfaction, and open the franchise within 15 months after the date of the Franchise Agreement. If you have not received our approval of your FunBox Business's proposed site and lease within 6 months after signing the Franchise Agreement, we may terminate the Franchise Agreement upon notice to you.

## **Advertising**

### **National Marketing Fund**

We do not offer or reserve the right to establish a national marketing fund.

### **Local Advertising, Marketing and Promotional Expenditure**

You are not permitted to conduct any local advertising unless we pre-approve such advertising in writing. If you operate an Indoor Park, you are required to engage in local advertising and you are required to spend 2% of your weekly Gross Sales or a minimum of \$1,000 on local marketing during the following week. We may review your local marketing programs and notify you if we approve same. Further, we may make available to you and provide you with access to various monthly and seasonal print, direct mail and email marketing campaigns (in the form of a source document) that you may utilize. In those instances where we provide you with access to our marketing campaigns we may provide you with the source designs and design specifications. However, you will incur the direct costs associated with utilizing such marketing campaigns and in having such campaigns printed, distributed and/or placed with media sources. (Franchise Agreement, Section 8.3)

### **Local Marketing Cooperatives**

We do not offer or reserve the right to establish a regional advertising and promotional cooperative.

### **Franchisee Advisory Council**

Currently, we do not have a franchisee advisory council that advises us on advertising policies. However, we reserve the right to establish such a council in the future. (Franchise Agreement – Section 8.5)

### **Digital Marketing**

You may not design, develop or host a website, or any web page, or use any domain name or email address containing the marks or regarding the franchised business other than as approved or required by us. We or our affiliates may establish and operate websites, social media accounts (such as Facebook, Twitter, Instagram, Pinterest, Tik Tok, etc.), applications, keyword or Google AdWords purchasing programs, accounts with websites featuring gift certificates or discounted coupons (such as Groupon, Living Social, etc.), mobile applications, or other means of digital advertising on the Internet or any electronic communications network (collectively, “Digital Marketing”) that are intended to promote the Proprietary Marks, your FunBox Business, and the entire network of franchised businesses. We will have the sole right to control all aspects of any Digital Marketing, including those related to your FunBox Business. Unless we provide written consent, you are prohibited from conducting or participating, either directly or indirectly, in any Digital Marketing that utilizes the Marks or is related to the franchised business. If we do permit you to conduct any Digital Marketing, you must (i) comply with any standards or content requirements that we establish periodically and must immediately modify or delete any Digital Marketing that we determine, in our sole discretion, is not compliant with such standards or content requirements. We may withdraw our approval for any Digital Marketing at any time. Except as approved in advance in writing by us, you may not establish or maintain a separate website, splash page, profile or other presence on the Internet. If such approval is granted by us, you must: (i) establish and operate such Internet site in accordance with System standards and any other policies we designate in the Operating Manual or otherwise in writing from time to time; and (ii) utilize any templates that we provide to you to create and/or modify such site(s). (Franchise Agreement – Section 11.8.1)

#### Grand Opening Advertising

You must spend at least \$5,000 to conduct Grand Opening Advertising in your territory. You can expend any additional amounts that you wish on Grand Opening Advertising and we estimate that you will do so. (Franchise Agreement – Section 8.1).

#### Promotional Campaigns

We may conduct promotional campaigns to promote products or marketing themes. You must participate in all promotional campaigns which we may establish for the region in which your FunBox Business is located. (Franchise Agreement, Section 8.6).

#### Computer Requirements

We have the right to specify or require that certain brands, types, makes, and/or models of communications, computer systems, and hardware be used by you, including without limitation: (i) a “back office” computer system that complies with our standards and specifications; (ii) the point of sale system (“the “POS System”) from our designated supplier; (iii) security cameras; and (iv) Internet access mode and speed (collectively, the “Computer System”). You will purchase, use and maintain any and all computer software programs (“Software”) which we have developed or may develop and/or designate for use for the System, and will purchase such computer hardware as may be necessary for the efficient operation of the Software. Specifically, you must obtain any software program designated by us for use in the operation of your FunBox Business. You will strictly comply with our standards and specifications for all items associated with the Computer System and any Software. You agree, at your own expense, to keep your Computer System in good maintenance and repair and install such additions, changes, modifications, substitutions, and/or replacements to the Computer System or Software as we direct from time to time in writing. We estimate that the cost of obtaining the required Computer System will be between \$5,000 and \$10,000. Although we estimate that you will not incur a substantial cost in updating the Computer System on an annual basis, we estimate that the annual costs of any optional or required

maintenance, updating, or support contracts will be less than \$1,250 to \$1,500, which includes the monthly fee for the POS System.

If and at such time we develop and custom design any software programs for conducting scheduling, accounting, inventory and point-of-sale functions and related activities (“Proprietary Software Program”), you, at your own expense, agree to obtain the computer hardware required to implement the Proprietary Software Program into your Restaurant, and to comply with all specifications and standards prescribed by us regarding the Proprietary Software Program, as provided in the Operating Manual or otherwise in writing. This Proprietary Software Program will be proprietary to us and Confidential Information of ours. It is possible that we might not be able to alter the Proprietary Software Program to accommodate each and every franchisee of the System, and therefore, at such time that we require the implementation of such software, you will only utilize the program as prescribed by us. At such time as we require the implementation of such Proprietary Software Program, we or our designee agree to provide ongoing service and support to you regarding the Proprietary Software Program and will lease such Proprietary Software Program to you at the then current rates published by us. We reserve the right to have independent access to any data you collect electronically. You must install, at your expense, the necessary computer hardware and software to provide us with full and direct electronic access to all of your data, software systems, and related information.

We reserve the right to specify and designate by brand, model, size, type and any other relevant standards or specifications the digital and other signs and displays which must be used or displayed in your FunBox Business, including the right to require that you purchase any relevant signs or displays from us or from our affiliates.

You may be required to enter into licenses and agreements with us or with designated or approved third party vendors for technical support, warranty service, or collateral software licenses.

### **Training**

You or your Designated Principal must attend and successfully complete to our satisfaction the training program. No tuition is charged for up to 3 trainees. You are also required to pay all travel and living expenses for your representatives while they attend the training program.

The initial training program will be conducted after you sign the Franchise Agreement. We offer the training program on an as-needed basis. We expect that the initial training classes will take approximately one week and will be held at our headquarters or another location that we designate and will be based on the Operating Manual. To reduce travel costs to the franchisee, we may also permit training to occur in other locations around the country. The initial training program consists of the following:

#### **TRAINING PROGRAM**

<b>Subject</b>	<b>Hours of Classroom Training</b>	<b>Hours of On-the-Job Training</b>	<b>Location</b>
Marketing Training	2	0	Online and by telephone
Web Site Management Training	1	0	Online and by telephone
Inflatable Safety	0	2	Online and by telephone
Park Opening	0	2	Online and by telephone
Party Management	0	1	Online and by telephone
Point of Sale Training	0	2	Online and by telephone

Sales Training	1	0	Online and by telephone
Reservation Management	2	0	Online and by telephone
Back Office Requirements	1	0	Online and by telephone
In-Park Training	0	4	Online and by telephone
Employee Safety Training	0	2	Online and by telephone
Park Management	0	6	Online and by telephone
On-Site Assistance	0	8	Your location
<b>Total</b>	<b>7</b>	<b>27</b>	

The initial training is currently conducted by Laurence Hallier and Antonio Nieves. Mr. Hallier is our CEO and has owned and operated a FunBox Park since 2018. He has 6 years in the inflatable park industry. Mr. Nieves has been the Co-Founder and Vice President for our affiliate since March 2018 and has 6 years in the inflatable park industry.

The instructional material for the training program shall include on-line courses and material, PowerPoint presentations, pamphlets on specific subjects, handouts, classroom exercises and hands on instruction and demonstration are utilized in the training program. You may not make any disclosure, duplication or other unauthorized use of any portion of the training materials.

All required attendees must successfully complete the training program prior to the opening of your FunBox Business. Failure to successfully complete any phase of the training program may necessitate retraining on certain aspects of the program, which would be at your expense and could result in a delay of your opening. If you or your Designated Principal fail to complete the initial training program to our satisfaction, it will be considered a material breach of the Franchise Agreement and could provide us with grounds for termination of the Agreement.

From time to time, we may provide refresher training programs or seminars and may require that you and your managers attend and complete them to our satisfaction. These programs and seminars will be held at locations we designate and will be provided without charge to you. You will be exclusively responsible for paying all travel, living and other expenses and compensation of attending these programs and seminars. Each year, you and the designated managers of your Franchise will be required to attend up to 12 hours of programs and seminars, depending upon program and seminar availability.

## **ITEM 12. TERRITORY**

### **Territory**

You will be granted the limited right to operate either an Indoor Park or Outdoor Park at a specific location or locations.

You will not receive an exclusive or protected territory, express or implied. The Franchise Agreement contains no exclusive grant, exclusive area, exclusive territorial rights, protected territory or right for you to exclude, disapprove, control or impose conditions on the location, development or operation of current or future FunBox Businesses. 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.

We do not offer options, rights of first refusal or similar rights to acquire additional franchises.

We will designate the Territory, in our sole discretion, during the site confirmation process based upon the number of households, traffic count, foot traffic, competition, accessibility of the location, population density and other demographic factors. Because each location is different, the Territory for each FunBox Business will be different. However, each Territory will generally have a population of approximately 100,000 children between the ages of 2 and 17.

If you operate an Indoor Park then your Territory will be defined by the physical boundaries of the site in which your Indoor Park operates. We may, in our sole discretion, operate or allow another franchisee to operate an Outdoor Park within close proximity to your Indoor Park, sometimes in the parking lot of the mall or shopping center in which your Indoor Park is located. We will not operate or permit any affiliate or franchisee to operate another Indoor Park within the same site in which you operate your Indoor Park.

If you operate an Outdoor Park then you will receive the right to operate solely at outdoor venues approved by us within a certain geographic area, which may overlap with one or more Indoor Parks. You will be prohibited from operating your Outdoor Park at any single location for more than 12 consecutive weeks at a time without our express written consent; however, you must operate your Outdoor Park for at least 12 weeks during each calendar year during the Term of the Franchise Agreement. We may, in our sole discretion, operate or allow another franchisee to operate an Indoor Park within close proximity to your Outdoor Park; however, we will not operate or permit any affiliate or franchisee to operate another Outdoor Park within the same geographic area in which you operate your Outdoor Park.

We will not alter your Territory during the term of your Franchise Agreement. Your limited rights within the Territory also may not be modified and do not depend on you achieving a certain sales volume, market penetration, or other contingency.

The franchise granted to you under the Franchise Agreement is limited to permitting the use of the system and marks in the operation of your FunBox Business only in the Territory and at the specific location(s) confirmed in advance by us.

### **Relocation and Establishing Additional Locations**

If the site is acquired by a governmental entity through the power of eminent domain or your lease is terminated through no fault or breach by you (a “Relocation Event”), we may permit you to request an alternative location within the Territory for our confirmation. You will have 60 days after the date of a Relocation Event to identify a proposed substitute location within the Territory. We will confirm your substitute site, in our sole discretion, after (i) reviewing information you submit to us about the site, including a preliminary site layout drawing and a copy of an executed contingent contract, option, or other commitment for the acquisition of the site, (ii) determining whether a revised area around the new proposed site would overlap with any other territory of franchised businesses, and/or (iii) visiting the proposed site. Within 6 months of the Relocation Event, you must enter into and provide us a copy with a binding lease, in a form that we have approved, for the proposed site and begin constructing your FunBox Business. Within 6 months of acquiring a lease to the site (or sooner if required by the lease), you must open your FunBox Business at the new site. After a Relocation Event, we require an agreed minimum royalty fee and marketing payment for the period your FunBox Business is not in operation.

The Franchise Agreement prohibits you from offering or selling products or services under the marks through any location (other than the FunBox Business) or through any other channels of distribution (such as the Internet, catalog sales, telemarketing or other direct marketing).

### **Reservation of Rights under the Franchise Agreement**

We and our affiliates will have the right, in our sole discretion, under the Franchise Agreement to: (i) own and operate businesses at any location(s) outside your Territory under the same or different marks, or to license others the right to own and operate businesses at any location(s) outside your Territory under the same or different marks; (ii) use the Proprietary Marks and System in connection with services and products, promotional and marketing efforts or related items, or in alternative channels of distribution, including but not limited to sales via the Internet at any location, including within the Territory; (iii) own and operate businesses, or market similar products and services, at any location(s) inside your Territory under different marks, or to license others the right to own and operate businesses, or market similar products and services at any location(s) inside your Territory under different marks; (iv) own, operate or allow others to own or operate FunBox businesses in close proximity to your FunBox Business; (v) acquire, or be acquired by, merge, affiliate with or engage in any transaction with other businesses (whether competitive or not), with units located anywhere; and (vi) engage and license other parties to engage in any other activities not expressly prohibited by the Franchise Agreement.

The Franchise Agreement does not grant you any options, rights of first refusal, or similar rights to acquire additional franchises within the Territory granted or any contiguous territories.

### **ITEM 13. TRADEMARKS**

Pursuant to the terms of the Franchise Agreement, we will grant you the non-exclusive right and license to utilize the “FunBox” trademark and those other marks identified in this Item 13 to operate your FunBox Business in accordance with the System.

We reserve the right to supplement and modify the Marks that you may or may not use in connection with the operations of your FunBox Business. You may only use the Marks in the manner authorized by us in writing and pursuant to the terms of the franchise agreement. You may not use Marks in connection with the name of your corporation, limited liability company or other corporate entity that you may establish in connection with the operations of your FunBox Business.

We have registrations with the United States Patent and Trademark Office for the following marks:

<b>Mark</b>	<b>Serial/Registration Number</b>	<b>Application/Registration Date</b>	<b>Register</b>
FUNBOX	Reg: 5723907	Reg: April 9, 2019	Principal
FUNBOX	Reg: 6783637	Reg: July 5, 2022	Principal
	Reg: 6977846	Reg: February 14, 2023	Principal
WORLD'S BIGGEST BOUNCE PARK!	Reg: 6926698	Reg: December 13, 2022	Supplemental
FUNBOX CITY	Serial: 98339137	App: 98339137	January 2, 2024

We also have the following trademarks registered outside of the United States:

Mark	Registration Number	Registration Date	Country
FUNBOX	1644790	January 13, 2022	European Union Intellectual Property Office
FUNBOX	369958	January 13, 2022	Israel
FUNBOX	1644790	January 13, 2022	Singapore

We have filed all affidavits required for our principal trademarks.

There are no currently effective material determinations of the U.S. Patent and Trademark Office, the Trademark Trial and Appeal Board or any state trademark administrator or court. We have no pending infringement, opposition or cancellation proceeding or pending material federal or state court litigation regarding our use or ownership rights in a trademark. We have no actual knowledge of any superior prior rights or infringing uses which could materially affect your use of such marks.

If any administrative or judicial proceeding arises from a claim or challenge to your use of any of our marks, you must immediately notify us, and we reserve the right to take any such action as we deem appropriate in order to preserve and protect the ownership, identity, and validity of the marks. We are only obligated to defend you from any claims arising from your use of our primary marks. If we decide to modify or discontinue the use of any mark and/or use one or more additional or substitute marks, you will be responsible for the tangible costs (such as replacing signs and materials) associated with such a change. We are not required to reimburse you for any costs you incur in relation to any change or substitution, such as the cost of changing stationery or signage, and have no obligation or liability to you as a result of any change or substitution.

You are required to immediately notify us of any use of, or claims of rights to, a mark identical to or confusingly similar to our marks. We have the right, but not the obligation, to bring any action against any third party using such a similar mark. You are required to participate in any such action we bring against a third party at your own expense. We have the right to control any such litigation or administrative proceedings, including any settlement.

#### **ITEM 14. PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION**

No patents are material to the franchise. We do not have any pending patent applications that are material to the franchise. We and/or our affiliates have copyrighted or may copyright advertising materials and design specifications, our Manual and other written materials and items. We consider this information to be proprietary trade secrets, protectable under common law and applicable state laws. We also claim common law copyrights to the operational and training materials, building plans and specifications, and other proprietary materials specifically created by us in connection with the system, including proprietary advertisements, all materials presented to prospective customers of our brand, all product related marketing research, certain information on web and printed materials and forms used in connection with the operation of a FunBox business. The Manual and other proprietary materials have not been registered with any copyright office.

There currently are no effective adverse determinations of the United States Copyright Office (Library of Congress) or any court regarding the copyrighted materials. No agreement limits our right to use or allow others to use the confidential information or copyrighted materials. We know of no infringing uses of our copyrights which could materially affect your using the copyrighted materials in any state.

You must immediately inform us if you learn of any unauthorized use, infringement or challenge to the copyrighted materials, proprietary or confidential information, including but not limited to our

Operations Manual. We will take any and all action(s) (or refrain from same) that we determine, in our sole discretion, to be appropriate. We may control any action we choose to bring. We have no obligation to participate in or indemnify you for any infringement claims in regard to our copyrights. You must modify or discontinue use of the subject matter covered by any copyright if directed by us at your own expense.

In operating a FunBox business in accordance with our System, you will obtain access to our confidential information and trade secrets. Except as specifically authorized, you must not communicate, divulge or use such confidential information or trade secrets. Each of your equity owners is required to execute confidentiality covenants and you are required to obtain similar covenants from each of your general and assistant managers.

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

You are permitted to operate your FunBox Business as an absentee owner. You are not required to provide on-premises supervision; however, we recommend that you do.

If you are a business entity (e.g., corporation, partnership or limited liability company), you must designate one person who owns at least 50% of your equity interests as your “Designated Principal.” The Designated Principal must have the authority to bind you to obligations relating to the Franchise Agreement.

Your FunBox Business must be under the direct, on-premises supervision of a fully trained manager or a fully-trained assistant manager selected by you and approved by us. We do not require that the Designated Principal or other persons who directly or indirectly own an ownership interest in your business entity provide direct on-premises supervision.

Each manager must successfully complete those portions of our initial training program required for their positions in their entirety. More information about our initial training program and its costs is contained in Items 6 and 11 of this Disclosure Document. Managers shall attend and complete special programs or periodic additional training as we may require in writing upon at least 60 days’ prior notice.

If you are a business entity, each of your owners that are active in your FunBox Business at any time during the Term and any owner that has a beneficial ownership interest of 10% or more in you, must personally guarantee, jointly and severally, your obligations under the Franchise Agreement and agree to be personally bound by, and personally liable for the breach of, every provision of the Franchise Agreement. This includes both monetary obligations and obligations to take or refrain from taking specific actions or to engage or refrain from engaging in specific activities. The form of your Personal Guaranty is attached as Attachment B to the Franchise Agreement. Spouses of all of your owners are not required to execute a Personal Guaranty.

We have the right to require you to obtain covenants against the use and disclosure of any confidential information and covenants not to compete from your owners, managers and any other employees or agents who have received or will have access to our training or confidential information. All of the required covenants must be in substantially the form attached to this Disclosure Document. In addition, you must require each of your managers to execute our then-current Confidentiality Agreement, but your managers are not required to execute a Noncompetition Agreement.

**ITEM 16. RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL**

You must only offer the products and services that we authorize. You may not offer or sell products or services not authorized by us. You must offer all goods and services that we designate for your FunBox Business. We may also periodically set maximum or minimum prices for services and products that your FunBox Business offers. We may periodically change the required and/or authorized products and services, and there are no limits on our right to do so. You must promptly implement these changes and must discontinue selling any products or services that we at any time decide to disapprove in writing. Items 8, 9 and 12, as well as the Manual, provide additional information regarding your specific obligations and limitations.

You must use your FunBox Business premises only for operation of a FunBox Business and for no other unrelated purpose. You may not offer for sale or sell products or services related to the FunBox Business through alternative channels of distribution, such as the Internet. You must discontinue selling and offering for sale any services or products that we at any time decide to disapprove in writing.

There are no other limitations imposed by us on the persons to whom a franchisee may provide goods and services, except those imposed by the nature of the system itself.

**ITEM 17. RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION**

**THE FRANCHISE RELATIONSHIP**

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

<b>Provision</b>	<b>Section in franchise agreement</b>	<b>Summary</b>
a. Length of the franchise term	§3.1	10 years from signing the Franchise Agreement.
b. Renewal or extension of the term	§3.2	Unlimited successor franchise terms of 10 years, if you meet certain requirements.
c. Requirements for franchisee to renew or extend	§3.2	The term “renewal” refers to extending our franchise relationship at the end of your initial term and any other renewal or extension of the initial term.
d. Termination by franchisee	§17	You may terminate under any grounds permitted by law.
e. Termination by franchisor without cause	Not Applicable	We may not terminate the FA without cause.
f. Termination by franchisor with cause	§16	The Franchise Agreement permits us to terminate it for cause during its term and before expiration.
g. “Cause” defined-- curable defaults	§16.2	If you fail to commence operating your Franchised Business within the specified time period; fail, refuse, or neglect to promptly pay when due any monies owing to us, our affiliates, to the National

		Marketing Fund, or to other creditors; fail to submit the financial or other information required under this Agreement; create a threat or danger to public health or safety as a result of the construction, maintenance, or operation of the Franchised Business; sell non-approved products or services; or permit a continuing violation of any applicable law, ordinance, rule, or regulation of a governmental body in connection with the operation of your Franchised Business, we will have the right to terminate this Agreement. However, if such act or omission damages the goodwill associated with the System or the Marks, we will only have the right to terminate this Agreement if you do not cure such default within a period of time after notice from us.
h. “Cause” defined-- non-curable defaults	§16.1	You are liquidated or dissolved; You fail to operate for 5 consecutive days (unless prevented from so by fire, flood, or acts of nature), or otherwise abandon your Franchised Business, or forfeit the right to do or transact business in the jurisdiction where your Franchised Business is located; You or any of your owners make an unauthorized Transfer under the franchise agreement; You or any of your owners are proven to have engaged in fraudulent conduct, or are convicted of, or plead guilty or no contest to a felony or a crime involving moral turpitude, or any other crime or offense that we believe is reasonably likely to have an adverse effect on the System, the Marks or the goodwill associated therewith; You are given 3 or more notices of being in material violation of any of the terms or requirements of this Agreement within any 12 month period, whether or not such defaults are timely cured after notice; You misuse or make any unauthorized use of the Marks and do not cease such misuse or unauthorized use within 24 hours’ notice from us; You, by act or omission, materially impair the value of, or the goodwill associated with, any of the Marks or the System.
i. Franchisee’s obligations on termination/non-renewal	§18	You must cease representing yourself as a Franchisee; cease using our Marks and System; immediately pay what you owe us pursuant to the Franchise Agreement;

		<p>immediately return all materials, whether in print or digital format, provided to you by us, including the Manual; de-identify your Franchised Business; transfer your telephone directory listings to us; cease using proprietary products and our approved suppliers; and transfer your domain names, websites and social media accounts, etc. to us.</p> <p>Your obligations not to disclose or use for other purposes our trade secrets, confidential business information, or other proprietary materials remains in effect upon and after the termination, expiration or non-renewal of the Franchise Agreement.</p>
j. Assignment of contract by franchisor	§15	No restriction on our right to assign.
k. "Transfer" by franchisee--definition	§15.2	The Franchise Agreement defines transfers by you to include any assignment or transfer of the Franchise Agreement, any interest in the Franchise Agreement, any sale or transfer of any interest in your business entity not specifically authorized in the Franchise Agreement, or a transfer of the Franchised Business or its assets.
l. Franchisor approval of transfer by franchisee	§15.2	Transfers require our prior written consent, which may be granted or withheld in our discretion.
m. Conditions for franchisor approval of transfer	§15.2	You are in full compliance with the franchise agreement, you have no uncured defaults, and all your debts and financial obligations to us and our affiliates are current; you provide us with all information we may require concerning the proposed transaction (including a copy of the purchase agreement and all related documents), and the proposed transferee; we are satisfied that the proposed transferee (and if the proposed transferee is an entity, all holders of any interest in such entity) meets all of the requirements for our new franchisees, including, but not limited to, good reputation and character, business experience, and financial strength, credit rating and liquidity, and that the sale price is not excessive; you sign a written agreement in a form satisfactory to us in which you and your investors covenant to observe all applicable post-term obligations

		and covenants contained in the franchise agreement and release us and our affiliates from any claims you may have against us, or any further obligations we may have to you; the proposed transferee enters into a new franchise agreement with us, on the terms we then generally offer to new franchisees (including fees payable and size of territory); provided, however, that no new initial franchise fee will be required to be paid, and further provided that the term of that franchise agreement, unless otherwise agreed, will be the remaining term of your franchise agreement; the proposed transferee agrees in writing to perform such maintenance, remodeling and re-equipping of your Franchised Business that we determine necessary to bring your Franchised Business in compliance with our then-current standards, including any updates to your technology and security equipment that we determine necessary; prior to the date of the proposed transfer, the proposed transferee's Designated Principal successfully completes such training and instruction as we deem necessary; you and all holders of an interest in you sign a general release (subject to applicable state law), in the form prescribed by us, releasing, to the fullest extent permitted by law, all claims that you or any of your investors may have against us and our affiliates, including our and their respective shareholders, officers, directors and employees, in both their individual and corporate capacities; and prior to the transfer, you pay us a transfer fee.
n. Franchisor's right of first refusal to acquire franchisee's business	§15.6	We have a 30-day right of first refusal and can match offers.
o. Franchisor's option to purchase franchisee's business	§15.6	Upon the termination or expiration of the Franchise Agreement, we reserve the right to purchase your Business at its fair market value, at our discretion. We may exercise this right by giving you written notice of our election within 30 days after the date of the Termination Event.
p. Death or disability of franchisee	§15.5	Upon death or disability of you (or your Operating Partner) or a Controlling Owner, your (or your Operating Partner's) or the Controlling Owner's executor or personal representative must transfer the ownership

		interest. A new Operating Partner must be appointed. We may assume your Business's management or appoint an interim manager to operate your Business.
q. Non-competition covenants during the term of the franchise	§19.1	You will not, directly or indirectly, during the term of this Agreement, on your own account or as an employee, consultant, partner, officer, director, shareholder or member of any other person, firm, entity, partnership, corporation or company, own, operate, lease to or lease from, franchise, engage in, be connected with, have any interest in, or assist any person or entity engaged in owning, operating, or managing any Competitive Business, wherever located, whether within the Territory or elsewhere.
r. Non-competition covenants after the franchise is terminated or expires	§19.2	You will not, directly or indirectly for a period of 2 years after the transfer by you, or the expiration or termination of this Agreement, on your own account or as an employee, consultant, partner, officer, director, shareholder, lender, or joint venturer of any other person, firm, entity, partnership, corporation or company, own, operate, lease to or lease from, franchise, conduct, engage in, be connected with, have any interest in or assist any person or entity in a Competitive Business, which is located within the Territory or within a 100 mile radius of any FunBox business, whether owned by us, our affiliates, or a franchisee, wherever located, whether within the Territory or elsewhere.
s. Modification of the agreement	§21.13	Only by written agreement between you and us.
t. Integration/merger clause	§21.13	Only the terms of this Franchise Agreement and the signed exhibits are legally binding, subject to applicable state law.
u. Dispute resolution by arbitration or mediation	§20	All controversies, disputes or claims between us must be submitted for mediation and/or arbitration on demand of either party.
v. Choice of forum	§20.5	Any mediation, arbitration or litigation must be held and conducted in Las Vegas, Nevada or federal courts over Las Vegas, Nevada. These provisions are subject to state law.
w. Choice of law	§21.6	Nevada law will govern (subject to applicable state law)

**ITEM 18. PUBLIC FIGURES**

We do not use any public figure to promote, endorse or recommend 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 only be given 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.

This Item 19 sets forth certain historical financial performance information for 25 FunBox parks operated by our affiliate and franchisees. One of the parks operated by our affiliate is an indoor park while the remaining 24 parks are outdoor parks operated by our franchisees that were open for the entire fiscal year 2023.

**Indoor**

<b>Financial Performance of Affiliate-Owned Indoor Location</b>		
<b>The Santa Anita Shoppes (Arcadia, CA)</b>		
	January 1, 2023 – December 31, 2023	
Revenue		
Door/Birthday	\$2,332,866	
Vending	\$29,554	
Total Revenue	\$2,362,420	
Expenses		
Est. Royalty	\$188,994	8%
Advertising	\$21,024	1%
Insurance	\$24,722	1%
CC/Ticket Fees	\$49,760	2%
Rent	\$336,942	14%
Wages	\$476,213	20%
Utilities/Phone	\$74,254	3%
Miscellaneous	\$53,508	2%
Total Expenses	\$1,225,417	
Profit	\$1,137,003	48%
Remodeling/Video Games	\$125,000	
Net Profit	\$1,012,003	43%

Note 1: The above location is owed by our affiliate, FunBox Arcadia, LLC. It operates in the food court at the Santa Anita Shops in Arcadia, CA.

Note 2: Our affiliate has received additional landlord allowances for rent for this location.

Note 3: In July 2023, our affiliate replaced the inflatable park and some video games. It is recommended that indoor parks inflatables and video games are placed every 18 to 24 months.

Note 4: Vending means revenue generated from retail items sold in vending machines, including drinks, snacks, etc.

Note 5: Miscellaneous expenses include such items as equipment rent, cleaning supplies, equipment maintenance, cleaning supplies and storage.

Note 6: Our affiliate’s indoor park is approximately 15,500 square feet.

Note 7: There are no material differences between this affiliate owned indoor park and the franchised FunBox indoor park we expect to grant.

**Outdoor**

<b>Financial Performance of Franchisee-Owned Outdoor Locations</b>				
<b>January 1, 2023 – December 31, 2023</b>				
<b>Total Number of Parks: 24</b>				
<b>Average</b>	<b>Median</b>	<b>Low</b>	<b>High</b>	<b>% of parks that achieved or exceeded average</b>
\$470,770	\$424,948	\$167,947	\$1,044,147	63% (15)

**Some outlets have sold and earned this amount. Your individual results may differ. There is no assurance that you’ll sell or earn as much.**

1. Affiliate owned outlets do not pay the Initial Franchise Fees or the Royalty Fees (8% of Gross Sales) or Other Fees listed in Item 6. The above tables include an estimate of the Royalty Fees that our Affiliate owned FunBox locations would have paid.
2. “Revenue” includes all consideration, whether by cash, credit, in kind or otherwise, that was derived directly or indirectly from the operation of the represented FunBox business.

This information in this Item 19 is not audited. Written substantiation for the financial performance representation will be made available to the prospective franchise upon reasonable request.

Other than the preceding financial performance representation we do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting our CEO Laurence Hallier, 2510 East Sunset Road, Las Vegas, Nevada 89120, l@funbox.com; Randon Hansen, Esq., 2510 East Sunset Road, Las Vegas, Nevada 89120; the Federal Trade Commission; or the appropriate state regulatory agencies.

**ITEM 20. OUTLETS AND FRANCHISEE INFORMATION**

**Table No. 1  
Systemwide Outlet Summary  
For years 2021 to 2023**

<b>Outlet Type</b>	<b>Year</b>	<b>Outlets at the Start of the Year</b>	<b>Outlets at the End of the Year</b>	<b>Net Change</b>
<b>Franchised</b>	2021	0	0	0
	2022	0	4	+4
	2023	4	34	+30
<b>Company-Owned</b>	2021	1	2	+1
	2022	2	3	+1
	2023	3	3	0
<b>Total Outlets</b>	2021	1	2	+1
	2022	2	7	+5
	2023	7	37	+30

**Table No. 2  
Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)  
For years 2021 to 2023**

<b>State</b>	<b>Year</b>	<b>Number of Transfers</b>
<b>Texas</b>	2021	0
	2022	0
	2023	1
<b>Total Transfers</b>	2021	0
	2022	0
	2023	1

**Table No. 3  
Status of Franchised Outlets  
For years 2021 to 2023**

<b>State</b>	<b>Year</b>	<b>Outlets at Start of Year</b>	<b>Outlets Opened</b>	<b>Termination</b>	<b>Non-Renewals</b>	<b>Reacquired by Franchisor</b>	<b>Ceased Operations – Other Reasons</b>	<b>Outlets at End of the Year</b>
<b>Arizona</b>	2021	0	0	0	0	0	0	0
	2022	0	2	0	0	0	0	2
	2023	2	1	0	0	0	0	3
<b>California</b>	2021	0	0	0	0	0	0	0
	2022	0	2	0	0	0	0	2
	2023	2	7	0	0	0	0	9
<b>Colorado</b>	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
<b>Connecticut</b>	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
<b>Florida</b>	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	4	0	0	0	0	4
<b>Georgia</b>	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	2	0	0	0	0	2
<b>Illinois</b>	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1

State	Year	Outlets at Start of Year	Outlets Opened	Termination	Non-Renewals	Reacquired by Franchisor	Ceased Operations – Other Reasons	Outlets at End of the Year
Massachusetts	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
Missouri	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
North Carolina	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
Oklahoma	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
Tennessee	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
Texas	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	5	0	0	0	0	5
Utah	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	3	0	0	0	0	3
Totals	2021	0	0	0	0	0	0	0
	2022	0	4	0	0	0	0	4

State	Year	Outlets at Start of Year	Outlets Opened	Termination	Non-Renewals	Reacquired by Franchisor	Ceased Operations – Other Reasons	Outlets at End of the Year
	2023	4	30	0	0	0	0	34

**Table No. 4**  
**Status of Company-Owned Outlets**  
**For years 2021 to 2023**

State	Year	Outlets at Start of the Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
<b>California</b>	2021	1	1	0	0	0	2
	2022	2	1	0	0	0	3
	2023	3	0	0	0	0	3
<b>Totals</b>	2021	1	1	0	0	0	2
	2022	2	1	0	0	0	3
	2023	3	0	0	0	0	3

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

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlet In The Next Fiscal Year	Projected New Company-Owned Outlet In the Next Fiscal Year
AL	1	0	0
AZ	2	0	0
AR	1	0	0
CA	3	2	0
CT	1	0	0
FL	4	1	0
IL	7	0	0

<b>State</b>	<b>Franchise Agreements Signed But Outlet Not Opened</b>	<b>Projected New Franchised Outlet In The Next Fiscal Year</b>	<b>Projected New Company-Owned Outlet In the Next Fiscal Year</b>
IN	1	0	0
MD	2	0	0
MA	1	0	0
MI	1	0	0
MN	1	0	0
MO	1	0	0
NV	2	0	0
NJ	2	0	0
NY	3	1	0
OH	1	0	0
TN	2	0	0
TX	4	1	0
VA	1	0	0
WI	1	0	0
<b>Total</b>	<b>42</b>	<b>5</b>	<b>0</b>

Exhibit C to this Disclosure Document lists the names of all current franchisees and the addresses and telephone numbers of their outlets as of the date of this Disclosure Document. There were no franchisees who had a Franchise Agreement terminated, cancelled, not renewed or who otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during the most recently completed fiscal year, or who had not communicated with us within 10 weeks of the issuance date of this Disclosure Document. If you buy this franchise, your contact information may be disclosed to buyers when you leave the Franchise System.

No franchisee has signed confidentiality agreements during the last 3 fiscal years restricting its ability to speak openly about its experience with our franchise system. In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with FunBox. You may wish to speak with current and former franchisees, but be aware that not all of those franchisees will be able to communicate with you.

We are not aware of any trademark-specific franchisee organizations associated with our Franchise System.

**ITEM 21.      FINANCIAL STATEMENTS**

We have not been in business for three years or more, and therefore cannot include all financial statements required by the Franchise Rule of the Federal Trade Commission. Attached in Exhibit B are our audited financial statements for the fiscal years ending December 31, 2023 and December 31, 2022. Our fiscal year end is December 31.

**ITEM 22.      CONTRACTS**

Exhibits A and G of this Disclosure Document contain all contracts proposed for use or in use regarding the offer of our franchises, including the following agreements:

Exhibit A	Franchise Agreement
Exhibit G	Sample General Release

**ITEM 23.      RECEIPTS**

The last two pages of this Disclosure Document are detachable duplicate Receipts that serve as an acknowledgement of your receipt of a copy of this Disclosure Document. You should sign both copies of the Receipt and return one copy to us.

**EXHIBIT A**  
**FRANCHISE AGREEMENT**

**EXHIBIT A**  
**TO FRANCHISE DISCLOSURE DOCUMENT**

**FUNBOX FRANCHISE, LLC**  
**FRANCHISE AGREEMENT**

## **FRANCHISE AGREEMENT**

THIS FRANCHISE AGREEMENT (“Agreement”) is made as of the Effective Date set forth in the Rider attached to this Agreement (the “Rider”) between FunBox Franchise, LLC, a Nevada limited liability company (“we” or “us”) and the person or persons named in the Rider as “Franchisee” (“you”). If you are a corporation, partnership, limited liability company or other entity approved by us to own a FunBox Business (the “Approved Entity”), the term “owners” in this Agreement shall refer to your shareholders, partners, members or other interest holders. Unless otherwise approved by us, the term “Controlling Person” refers to the person who owns forty percent (40%) or more and the largest share of the general partnership interest of such partnership; the equity and voting power of all classes of the issued and outstanding capital stock of such corporation; the membership interests of such limited liability company or the voting and ownership interests of such other entity.

### **1. INTRODUCTION**

1.1. We have invested substantial time, effort and money to develop a system of operating indoor and outdoor inflatable amusement parks and have a trademark federally registered for the names “FunBox”, “FunBox Amusement Park”, and “World’s Biggest Bounce Park!” as well as other intellectual property rights. We grant franchises to qualified candidates for the operation of a FunBox. We license our trademark rights in “FunBox”, “FunBox Amusement Park”, “World’s Biggest Bounce Park!”, “FunBox JumpPark”, and “FunBox City” and may in the future adopt, use and license additional or substitute trademarks, service marks, logos and commercial symbols in connection with the operation of FunBox Businesses (collectively the “Marks”). FunBox Businesses use our methods, procedures, standards, specifications and the Marks (all of which are collectively referred to as the “System”) which we may improve, further develop or otherwise modify from time to time.

1.2. You acknowledge that you have had an adequate opportunity to be thoroughly advised of the provisions of this Agreement and our Franchise Disclosure Document and have had sufficient time and opportunity to evaluate and investigate the System and the procedures and financial requirements associated with the System, as well as the competitive market in which it operates.

1.3. You desire to operate a FunBox Business that will conform to our uniform requirements and quality standards as established from time to time by us.

### **2. GRANT OF FRANCHISE AND FRANCHISED LOCATION**

2.1. Grant of Franchise. Subject to the provisions stated below, we license to you a personal franchise to operate an FunBox (your “FunBox Business”) in conformity with our System at the location described on the Rider (the “Franchised Location”). You accept the license and undertake the obligation to operate your FunBox Business using the System and in compliance with our standards. Unless otherwise agreed in writing by us, you must open your FunBox Business within twelve (12) months from the Effective Date if you are opening an indoor FunBox Park or fifteen (15) months from the Effective Date if you are opening an outdoor FunBox Park. You must thereafter diligently operate your FunBox Business in accordance with this Agreement for the entire remaining term of this Agreement. Notwithstanding the foregoing, if you are entering into this Agreement pursuant to the terms of an Area Development Agreement executed between you and us, you will open your FunBox Business on or before the date set forth in the “Development Schedule” (as defined in the Area Development Agreement). Your FunBox Business may only be operated at the Franchised Location. If you would like to open a second or subsequent location, you must sign a new franchise agreement on our then-current form for each location, and pay the applicable franchise fees for each location.

2.2. Territory. Included in the Rider is a map or description of an area in which you shall be permitted to operate your FunBox Business (the “Territory”).

2.2.1. If you operate an Indoor Park then your Territory will be defined by the physical boundaries of the site in which your Indoor Park operates. We may, in our sole discretion, operate or allow another franchisee to operate an Outdoor Park within close proximity to your Indoor Park,

sometimes in the parking lot of the mall or shopping center in which your Indoor Park is located. We will not operate or permit any affiliate or franchisee to operate another Indoor Park within the same site in which you operate your Indoor Park.

2.2.2. If you operate an Outdoor Park then you will receive the right to operate solely at outdoor venues approved by us within a certain geographic area, which may overlap with one or more Indoor Parks. We may, in our sole discretion, operate or allow another franchisee to operate an Indoor Park within close proximity to your Outdoor Park; however, we will not operate or permit any affiliate or franchisee to operate another Outdoor Park within the same geographic area in which you operate your Outdoor Park.

2.2.3. You acknowledge and agree that (i) we and our affiliates have the absolute and unrestricted right to grant other franchises or licenses and to operate company or affiliate owned locations anywhere outside the Territory, even if they directly compete with your FunBox Business for customers who may live and/or work in or near the Territory, (ii) we and our affiliates have the right to operate, and to grant franchises or licenses to others to operate franchised locations and any other business from locations within and outside the Territory under trademarks other than the Marks, without compensation to you, provided; however, that with respect to this clause (ii), we and our affiliates will not operate franchised locations within the Territory, or grant franchises or licenses to others to operate FunBox Businesses within the Territory, unless we do so after we or our affiliates acquire, or merge with, another business that operates or grants franchises to operate a Competitive Business, or after we are acquired by such a business, in which case we may do so, provided we do not operate those Competitive Businesses in the Territory using the Marks, or license anyone to use the Marks to operate such Competitive Businesses in the Territory. In addition, the boundaries of your Territory may overlap with a territory we grant to another franchisee or to a location we or our affiliates operate, so long as no other location is located within your Territory. For purposes of this Agreement, a “Competitive Business” includes any business that offers, provides or derives more than ten percent (10%) of its Gross Sales from the operation of a business featuring inflatable play equipment.

1.4. Additional Reservation of Rights. We and our affiliates reserve any and all rights not expressly granted to you under this Agreement, including, without limitation, the absolute and unrestricted right to sell anywhere (including within the Territory) products and services (including to your customers) under the “FunBox”, “FunBox Amusement Park”, “World’s Biggest Bounce Park!”, “FunBox JumpPark”, and “FunBox City” names, or under any other name, through any channel of distribution, without any obligation to pay royalties or any other form of compensation to you.

### **3. TERM AND RENEWAL RIGHTS**

3.1. Initial Term. The initial term of this Agreement (“Initial Term”) and the Franchise granted by this Agreement will begin on the Effective Date and expire at midnight on the day preceding the 10<sup>th</sup> anniversary of the date the Franchised Business first opens for business, unless this Agreement is terminated at an earlier date. We will memorialize for you the date the Franchised Business first opened for business.

3.2. Renewal. You have the right to renew your franchise for the Franchised Location for an additional ten (10) year term, provided you meet all of the following conditions:

3.2.1. You have given us written notice at least one hundred eighty (180) days prior to the end of the then-current term of this Agreement of your desire to renew (“Renewal Notice Deadline”);

3.2.2. You and all entities you are a member, partner or shareholder of, are in compliance with all agreements between you and us and between you and our affiliates, and there has been no series of defaults by you thereunder (i.e., an abnormal frequency of defaults or a default that has occurred repeatedly, or a combination thereof), whether or not such defaults were cured;

3.2.3. You make, or provide for in a manner satisfactory to us, such renovation and reequipping of your FunBox Business as we deem appropriate to reflect the then-current standards and image of the System, including, without limitation, renovation or replacement of signs, equipment, furnishings, fixtures and decor;

3.2.4. We reserve the right to require you to correct any existing deficiencies of the Franchised Business or in your operation of the Franchised Business and satisfy our then-current System Standards including adding any new products or services that are then being offered in the System, meet our qualifications for new franchisees, and complete any additional certification and training requirements that apply to you, your Operating Principal, and/or your managerial personnel (which may involve the payment of training fees);

3.2.5. You sign the standard form of franchise agreement then being used by us within thirty (30) days of receipt, provided that you pay the Renewal Fee in lieu of the Initial Franchise Fee set forth in the then-current Franchise Agreement. The terms of such Franchise Agreement may differ from this Agreement, including higher fees and a modification to the Territory based upon our then-current methods of determining Territory areas (and which may include a reduction in the Territory);

3.2.6. If you are operating an indoor FunBox Park, you present satisfactory evidence that you have the right to remain in possession of the Franchised Location for the duration of the renewal term, unless we determine that the location of your business is no longer viable for the operation of your FunBox Business, in which case we may condition your right to renew on your obtaining a new site for your FunBox Business that we approve; and

3.2.7. At the time you sign the Franchise Agreement to renew your franchise, you sign and deliver to us a general release, in the form we prescribe, releasing, to the fullest extent permitted under the laws of the state where your FunBox Business is located, all claims that you may have against us and our affiliates and our respective current and former officers, directors, shareholders, employees, insurers, consultants, contractors and agents, in both their corporate and individual capacities.

3.3. Automatic Renewal. If you do not properly and/or timely notify us prior to the Renewal Notice Deadline of your intent to either renew or not remain a franchisee, the Franchise Agreement shall automatically renew for successive one year terms, beginning on the day after the Franchise Agreement would have expired (the “Interim Period”). During the Interim Period, you are obligated to pay us, in addition to all other fees set forth in this Agreement, the Interim Period Fee described in below. During the Interim Period, we may, in our sole discretion, terminate the Franchise Agreement, for any reason or no reason, upon sixty (60) days’ written notice to you. The Initial Term and all renewals, including the Interim Period, shall be referred to as the “Term.” Unless we provide you with notice of termination of the Interim Period, you must provide us with notice of non-renewal at least nine (9) months prior to the beginning of the next Interim Period to avoid automatic renewal for another Interim Period.

#### **4. MARKS AND COPYRIGHTS**

4.1. Identity of Your FunBox Business. Your FunBox Business will be identified by the trademarks “FunBox”, “FunBox Amusement Park”, “World’s Biggest Bounce Park!”, “FunBox JumpPark”, and/or “FunBox City”.

4.2. Ownership of Mark. You agree that we own or have sublicensed the rights to the Marks and the System. You also agree that any and all improvements and derivations by you relating to the Marks and System are our sole property and you hereby assign to us the same, together with the goodwill associated with the same. We will have the exclusive right to register and protect all such improvements and derivations of the Marks and the System.

4.3. Use. Your right to use and identify with the Marks and System applies only to the Franchised Location and exists concurrently with the term of this Agreement and only so long as you are in complete compliance with our quality standards. You will have the right to use the Marks and System only in the manner prescribed, directed, and approved by us in writing, in compliance with the standards and guidelines set forth in the Manual (as defined below), and in accordance with any other written instructions or directives we may provide from time to time. You will not have or acquire any rights in any of the Marks or System other than the right of use as governed by this Agreement. You may not authorize others to use or reproduce our Marks without our prior written consent. Your use of the Marks and any resulting goodwill will be to our exclusive benefit. If, in our judgment, your conduct infringes upon or demeans the goodwill, standards of uniformity or quality, or business standing associated with

the Marks or the System, you will immediately, upon written notice from us, modify your use of the Marks and the System in the manner prescribed by us in writing. You will not during or after the term of this Agreement do anything directly or indirectly which would disparage, infringe upon, harm, or contest our rights in, the Marks or System.

4.4. Promotion. You will operate your FunBox Business so that it is clearly identified and advertised as a FunBox. The style, form and use of the words “FunBox”, “FunBox Amusement Park”, “World’s Biggest Bounce Park!”, “FunBox JumpPark”, and “FunBox City” in any advertising, written materials, products or supplies, including but not limited to any Technology Platform (defined below), must, however, have our prior written approval and comply with our specifications as we may prescribe in writing and as set forth in the Manual, or otherwise. You will use the trademarks “FunBox”, “FunBox Amusement Park”, “World’s Biggest Bounce Park!”, “FunBox JumpPark”, and “FunBox City” and the other Marks which now or hereafter may form a part of the System, on all signs, paper supplies, business cards, uniforms, advertising materials, Technology Platforms, signs and other articles in the identical combination and manner as we may prescribe in writing and you will supply to us samples or photographs of the same upon our request. You will comply with all trademark, trade name, service mark and copyright notice marking requirements and you will supply to us samples or photographs of the same upon our request. You will not use the words “FunBox” or any other Marks in your corporate, partnership, limited liability company, or other entity name, domain name, social media handle, or any other form of business identifier, unless expressly authorized by us in writing.

4.5. Substitutions of, or Adverse Claims to Marks. We have the right to protect and maintain all rights to the Marks against encroachment, misuse or unauthorized use and against all challenges to any rights of its use, as we deem appropriate. If it becomes advisable at any time, in our sole discretion, to modify or discontinue use of any Mark, or to discontinue using any Mark, or if there is an adjudication by a court of competent jurisdiction that any party’s rights to any of the Marks are superior to ours, then upon written notice from us, you will, at your sole expense, immediately adopt and use the changes and amendments to the Marks that are specified by us in writing, and if the Mark that is changed is the name “FunBox,” then all references in this Agreement to the name “FunBox” will be deemed references to such substitute Mark. If we modify or discontinue use of any Mark, you will immediately cease using the Marks specified by us, and will, as soon as reasonably possible, commence using the new trademarks, trade names, service marks, logos, designs and commercial symbols designated by us in connection with all advertising, marketing and promotion of your FunBox Business. We will have no liability or obligation whatsoever with respect to your modification or discontinuance of any Mark. You will not make any changes or amendments in or to the use of the Marks or System unless directed by us in writing.

4.6. Litigation. You will have no obligation to and will not, without our prior written consent, defend or enforce any of the Marks in any court or other proceedings for or against imitation, infringement, any claim of prior use, or for any other allegation. You will, however, immediately notify us of any claims or complaints made against you with respect to the Marks and will, at your reasonable expense, cooperate in all respects with us in any court or other proceedings involving the Marks. We will pay the cost and expense of all litigation incurred by us, including attorneys’ fees, specifically relating to the Marks. We will have the right to control and conduct any litigation relating to the Marks and be entitled to all recovery related to claims with respect to the Marks. While we are not required to defend you against a claim based on your use of the Marks, we will reimburse you for your liability. You will also be required to reimburse us for liability arising out of your unauthorized use of any of the Marks.

4.7. Copyrighted Materials. You acknowledge and agree that we may authorize you to use certain copyrighted or copyrightable works (the “Copyrighted Materials”), including the Manual (as defined below). The Copyrighted Materials are our valuable property. Your rights to use the Copyrighted Materials are granted to you solely on the condition that you comply with the terms of this Agreement. Your use of the Copyrighted Materials does not vest you with any interest other than the temporary, non-exclusive license to use the Copyrighted Materials granted in this Agreement. All rights that inure as a result of the use of the Copyrighted Materials belong solely to us.

4.8. Protection. You will sign any documents that we or our counsel deem necessary for the protection of the Copyrighted Materials or the Marks or to maintain their validity or enforceability, or to aid us, at our expense, in acquiring rights in or in registering any of the Marks or any trademarks, trade names, service marks, slogans, logos or emblems that we subsequently adopt.

## **5. INITIAL FRANCHISE FEE**

5.1. Initial Franchise Fee. You will pay us a non-refundable initial franchise fee (the “Initial Franchise Fee”) as set forth in the Rider.

5.2. No Refunds. The Initial Franchise Fee has been fully earned upon our signing of this Agreement and is non-refundable in consideration of the expenses incurred by us in granting this franchise and for the lost or deferred opportunity to franchise others.

## **6. ROYALTY FEE**

6.1. Royalty Fee. On or before the tenth (10<sup>th</sup>) of each month, you will pay us a nonrefundable Royalty Fee equal to eight percent (8%) of the total Gross Revenue derived from the franchise for the preceding calendar month. The Royalty Fee is paid monthly in the manner prescribed from time to time in the operations manual, via electronic debit initiated by us and/or by a third-party authorized by us, or by such other means as we may authorize and approve. In addition, you agree that we may develop and impose fines for your failure to comply with our requirements as outlined in the Operations Manual. You agree to pay these fines when we apply them to you.

6.2. Gross Sales Defined. As used in this Agreement, the term “Gross Revenues” means all receipts generated by the Franchise from any source, including, but not limited to, sales, parties, open play, food and beverage sales, merchandise sales, party deposits, arcade, direct or indirect barter transactions, rentals, vending, exchanges, repairs, services, viewings, labor, service charges, service contracts, etc., and excludes discounts, refunds and sales taxes. Credit transactions will be included in Revenue as of the date of the transaction without deduction for uncollected credit accounts. The proceeds from any business interruption insurance or eminent domain recovery you receive will be included in "Revenue." "Gross Monthly Revenue" means the total Revenue for any calendar month.

6.3. Method of Payment. Notwithstanding any designation by you, we have the sole discretion to apply any payments made by you to any of your indebtedness for Royalty Fees, purchases from us or our affiliates, vendors, interest, collection costs or any other indebtedness. You agree that you will withhold payment of any Royalty Fees or any other amount due us, and that the alleged non-performance or breach of any of our obligations under this Agreement or any related agreement does not establish a right at law or in equity to withhold payments due us for Royalty Fees or any other amounts due.

We reserve the right to require you to process some or all membership applications and payment plans submitted by your customers, together with the related automatic account withdrawal, automatic payment, credit and debit card payment, automatic pre-authorized payment plan, electronic funds transfer and other forms of direct or Internet payment, through us or through other service providers using processes we designate and outline in the Operations Manual. We may take Royalty Fee, product purchase and other payments you owe to us out of the automatic payments made by your customers and remit to you the balance. The companies we designate to process memberships and related payment arrangements may include companies that are affiliated with us or in which we or our owners otherwise have ownership or control. If we elect, the designated companies may charge you not more than five percent (5%) for the service and will allocate and distribute payments received to you, while delivering to us all related royalty, advertising and other fees as outlined in this Agreement and pursuant to the processes we outline in the Operations Manual.

You must designate an account at a commercial bank of your choice (the “Account”) for the payment of amounts due to us and/or our affiliates, including Royalty Fees. You must furnish us and the bank with authorizations as necessary to permit us to make withdrawals from the Account by electronic funds transfer (including the ACH Authorization Form attached as Exhibit G). On or before the tenth (10<sup>th</sup>) of each month or at another date specified by us from time to time (“Due Date”) we

will transfer from the Account an amount equal to the Royalty Fees due from you based on the Gross Sales of your FunBox Business for the preceding month) as reported to us in your report or determined by us based on the records contained in the point-of-sale terminals of your FunBox Business, as well as any other fees due to us and/or our affiliates. If you have not reported Gross Sales to us, we will transfer from the Account an amount calculated in accordance with our estimate of the Gross Sales. If, at any time, we determine that you have underreported the Gross Sales of your FunBox Business, or underpaid the Royalty Fees or other amounts due to us under this Agreement or any other agreement, we shall initiate an immediate transfer from the Account in the appropriate amount in accordance with the foregoing procedure, including interest as provided in this Agreement. Any overpayment will be credited to the Account effective as of the first reporting date after the parties determine that such credit is due.

You hereby authorize your billing and payment processor to deduct from any monies it collects on your behalf the amount of all fees and payments you are obligated to pay us and to our affiliates and to pay those fees to us or to our affiliates on the due date of such fee.

We also have the right to require you to sign and deliver to us, our bank(s) and your bank, as necessary, all forms and documents that we may request to permit us to debit your account, either by check, via electronic funds transfer or other means or such alternative methods as we may designate (“Payment Methods”) for all fees and payments due to us. We may use the Payment Methods to collect Royalty Fees, advertising fees and any other amounts due to us or our affiliates on the date such amounts become due. You will notify us at least twenty (20) days before closing or changing the account against which such debits are to be made. If such account is closed or ceases to be used, you will immediately provide all documents and information necessary to permit us to debit the amounts due from an alternative account. You acknowledge that these requirements are only a method to facilitate prompt and timely payment of amounts due and will not affect any obligation or liability for amounts owed.

6.4. Security Interest. You grant us a first priority security interest in your receivables and equipment, whether now existing or hereinafter created, together with all proceeds of such assets. You authorize us to file one or more financing statements to evidence this security interest. However, we will subordinate our first priority interest to a lending institution that provides you financing for your FunBox Business.

## 7. OTHER FEES

7.1. Late Fee and Interest on Overdue Payments. You will pay us a late fee of sixty-five dollars (\$65) plus interest in the amount of ten percent (10%) of the overdue amount or the maximum rate allowed by law, whichever is greater, if you are late on making a payment to us.

7.2. Insufficient Funds Fee. If any payment from you does not successfully convey funds due to insufficient funds, stop payment instructions, or any similar event, you shall pay, upon demand, an insufficient funds fee equal to either (1) the greater of fifty dollars (\$50.00) or five percent (5%) of the payment amount, or (2) the maximum fee allowed by law.

7.3. Non-Compliance Fee. In the event you are, at any time during the term of this Agreement, found to not be in compliance with the terms hereof and/or the System Standards or this Agreement, you agree to pay to us one hundred dollars (\$100) the first time you are found to not be in-compliance with the System; two hundred fifty dollars (\$250) for the second time you are found to not be in-compliance with the System; and five hundred dollars (\$500) for the third and any subsequent times you are found to not be in-compliance with the System. If your non-compliance is monetary in nature, we reserve the right to notify your credit union or other banking institution that issued a loan or line of credit for the FunBox Business of your failure to comply with this Agreement. You agree that such fee and banking notification is in addition to any other rights or remedies we may have under this Agreement or at law.

We reserve the right to grant you the opportunity to cure the non-compliance prior to imposing the Non-Compliance Fee. We have the right to require any form of verification to determine non-

compliance, with or without cause, including but not limited to documentation, photos, video tours, etc. and that you shall be required to furnish such verification within seventy-two (72) hours of our request. We have the right to make personal visits without notice to your FunBox Business.

## **8. ADVERTISING AND PROMOTION**

8.1. Grand Opening Program. You agree to conduct a grand opening advertising and promotional program (“Grand Opening Program”) for your FunBox Business beginning sixty (60) days prior to your scheduled opening and ending sixty (60) days following the opening of your FunBox Business. The Grand Opening Program must target prospective customers throughout the Territory and meet the standards we establish from time to time. You must spend a minimum of five thousand dollars (\$5,000) on the Grand Opening Program. Upon request by us, you must provide us with a report itemizing the amounts you spent on the Grand Opening Program.

8.2. National Marketing Fee. We do not offer or reserve the right to establish a national or regional marketing fund.

### **8.3. Local Advertising**

8.3.1. If you operate an indoor FunBox Park, you must spend the greater of one thousand dollars (\$1,000) or two percent (2%) of your Gross Sales per week, whichever is greater, on local advertising and promotion in your Territory, implemented in a format and using materials and designs approved by us as your “Local Advertising”.

8.3.2. If you operate an outdoor FunBox Park, we recommend, but do not require that you spend between eight percent (8%) and twelve percent (12%) per week on local advertising and promotion during the weeks you are operational.

8.3.3. There are no territorial restrictions from accepting business from retail customers that reside or work or are otherwise based outside of your Territory if these customers contact you, but we reserve the right to implement rules and restrictions regarding soliciting such customers in the future in our Manuals or otherwise in writing.

8.3.4. You may spend any additional sums you wish on local advertising. You are permitted to use your own advertising materials, provided that you have submitted them to us for approval prior to your use and have received our written approval. You must immediately cease using any advertising materials that we deem, in our sole discretion, inappropriate, and that we notify you of in writing. We have the right, in our discretion, to require you to submit receipts documenting this marketing activity.

8.4. Advertising Council. We have the right to require that a franchisee advisory council be formed, changed, dissolved or merged.

8.5. Promotional Campaigns. We may conduct promotional campaigns on a national or regional basis to promote products or marketing themes. You must participate in all promotional campaigns which we may establish for the region in which your FunBox Business is located.

## **9. BUSINESS PREMISES**

### **9.1. Purchase and Replacement of Inflatable Components**

9.1.1. Within thirty (30) days of the Effective Date of this Agreement, you must purchase the Inflatable Park Components from our approved supplier.

9.1.2. You agree that inflatable parks have a maximum life of (a) the earlier of four (4) years from the delivery date of the park or twenty-four (24) months of actual use for an Outdoor Park or (b) twenty-four (24) months of actual use for an Indoor Park (each, the “Usable Life”). Upon expiration of the Usable Life you may request that we inspect your park. Upon our approval and upon confirmation that you have made all requested repairs, we may permit you to extend the Usable Life of the park by twelve (12) months. Upon the end of the Usable Life of the inflatable park and any extension thereof, you agree to either have the park destroyed and disposed of fully with all branding fully removed and all parts being unusable, or you agree to list the park for sale through us for a potential customer outside the United States of America. We do not guarantee that we can sell the park or the price that may be obtained. You agree that no other party can market or sell the park(s). If you accept an offer for the

purchase of a park and we approve the sale of that park, you will pay any and all costs of selling and shipping the park(s) to the buyer. We reserve the right to refuse any sale for any reason. You understand that selling a park outside of this Agreement or in any way giving or lending the park in the United States of America will damage our brand and our other franchisees.

9.2. Site Acquisition. You must secure a satisfactory location and lease agreement for the FunBox Business within six (6) months of the Effective Date of this Agreement. Prior to the acquisition by lease or purchase of the site for your FunBox Business, you will submit to us such information and materials as we may require, which may include, but not be limited to, your proposed lease. We will have up to thirty (30) business days after receipt of the information and materials we requested to approve or disapprove your proposed site. No site will be deemed approved unless it has been expressly approved in writing by us by notice of site approval sent to you. Our examination and approval of the location of your FunBox Business site does not constitute a representation, guaranty or warranty, express or implied, of the successful operation or profitability of the FunBox Business operated at that location. In addition, we may require you to furnish us with a copy of the signed lease within five (5) days after its execution.

9.3. Opening. You may not initially open your FunBox Business to the public until you have completed all of your pre-opening obligations, and obtain our consent to you opening the business, including your opening date.

9.4. Relocation. You may not move or relocate your FunBox Business without our prior written consent, which consent shall not be unreasonably withheld.

9.4.1. The request for relocation must be made in writing, stating the new location, received by us at least sixty (60) days prior to the date of intended relocation. The new location must be within the Territory (as defined herein), and it may not be located within any territory we grant to any other franchisee. We will refund the relocation fee to you if we do not approve your new location.

9.4.2. Upon receipt of our approval, you must upgrade the new location to comply with all of our current specifications and construct the new premises in the manner required hereunder.

## **10. FRANCHISOR'S OBLIGATIONS/TRAINING**

10.1. Location. We will provide you with consulting services to assist you in determining the evaluation criteria for selecting the site location for your FunBox Business.

10.2. Initial Training. We will, at our expense, provide an initial training program to educate and acquaint you with the business of operating a FunBox Business. Our initial training program will be held either online or by telephone. The training program will include instruction on basic operating skills and other topics we select. If you have more than one Franchise Agreement with us, we may, at our option, provide this training program one (1) time for multiple agreements. The person you designate as your principal operator (whether you, if you are an individual, or one of your owners if you are an entity) (the "Principal Operator") must attend one of the next two (2) initial training programs we offer following our acceptance of this Agreement, and before you open your FunBox Business, and successfully complete the training program. We will offer our initial training to your Principal Operator and up to four (4) managers or employees to training. If anyone other than a Principal Owner attends the training program, we will require they sign a confidentiality agreement that meets our requirement before they may attend and you must provide us a copy of that agreement. You will be responsible for travel costs, room and board, salaries, fringe benefits, and other expenses incurred by you and your employees in attending the training program. Failure by your Principal Operator to complete the training program to our satisfaction is a material breach of this Agreement and we may terminate this Agreement at our option.

10.3. Additional Required Training. We reserve the right to require that additional training programs be attended. If offered, a Principal Owner of your business must attend the training program we offer at our corporate office or in any region. You must pay any fees applicable to the training program. In addition, you must pay all travel and living expenses you and your employees incur, and

we reserve the right to charge a cancellation fee if you register and either fail to attend or leave the training prior to completion.

10.4. Annual Conference. We reserve the right to host an annual conference. If we host an annual conference, a Principal Owner is required to register for, and attend our annual conference. If a Principal Owner cannot attend the conference, we will consider allowing you to transfer the registration to your Principal Operator, but to no other person. Additional representatives of yours may also attend the conference, as long as you register them and pay the then-current registration fee for their attendance. You must also pay for all travel and living expenses incurred by you and your representatives in attending the conference. If you fail to register for our annual conference, we will bill you for the “early bird” (or similar) conference fee after the conference.

10.5. Additional Training. We will make available additional training which we deem advisable to familiarize you on changes and updates in the System.

10.6. Manual. We will loan you one copy of the manual in which we describe the System operational policies, standards, requirements and practices (the “Manual”). The Manual may be loaned to you by providing you access to an electronic version of the Manual. The Manual contains mandatory and suggested specifications, standards and operating procedures that we have developed for FunBox Businesses and information relating to your other obligations. You will comply with and operate your FunBox Business in conformance with all mandatory provisions of the Manual. We have the right to revise the Manual at any time or add additional manuals. You will incorporate all revisions into the Manual, and at all times the Manual (including any additional manuals) will remain on the premises of your FunBox Business. You will not make copies of any portion of the Manual without our prior written consent. You acknowledge that the required provisions of the Manual are designed to protect our standards and systems and our Marks and to create a uniform customer experience, and not to control the day-to-day operation of your FunBox Business.

10.7. Ongoing Assistance. During the operation of your FunBox Business, we will make available to you from time to time all changes, improvements and additions to the System and all supplements and modifications to the Manual.

10.8. Nature of Assistance and Training. You agree that we are not obligated to provide any training or assistance to your particular level of satisfaction, but as a function of our experience, knowledge and judgment. You also acknowledge that we are not obligated to provide any services to you that are not set forth in this Agreement. If you believe we have failed to adequately provide any preopening services to you or to your employees, whether with respect to site selection, selection and purchase of equipment and supplies, training, or any other matter affecting the establishment of your FunBox Business, you must notify us in writing within thirty (30) days following the opening of your FunBox Business or you will be deemed to conclusively acknowledge that all pre-opening and opening services required to be provided by us were sufficient and satisfactory in your judgment, and complied with all representations made to you.

## **11. APPEARANCE AND OPERATION OF YOUR FUNBOX BUSINESS**

11.1. The Marks and System licensed to you represent valuable goodwill distinctive of our business and reputation. We will promulgate, from time to time, standards of quality and service regarding the business operations of FunBox Businesses so as to protect the distinction and goodwill represented and symbolized by the Marks and System. You must abide by those standards and the provisions set forth below unless otherwise authorized by us in writing.

11.2. Signs. You will prominently display, at your expense, both on the interior and exterior of your premises, signs in such form, color, number, location and size, and containing such Marks as we designate. We also may require you to use illuminated signs. You will obtain all permits and licenses required for such signs and will also be responsible for ensuring that all signs comply with all laws and ordinances. You will not display in or upon your premises any sign or advertising of any kind to which we object. We reserve the right to require you to update your signage at any time at your expense.

11.3. Services. You will conform to all quality and customer service standards prescribed by us in writing, provided that the standards are not specifically set for you, but are set for our entire system, or a specific region or market in which other System businesses are operating.

11.4. Appearance and Maintenance of Premises. You will design, build and maintain the premises according to our specifications and guidelines, which may be provided in the Manual. You will paint and keep in an attractive, clean and sanitary condition the interior and exterior of your FunBox Business. All equipment will be kept in good working order and will meet our quality standards.

11.5. Approved Information System. We may designate the information system used in your FunBox Business, including the computer hardware, software, other equipment and enhancements (the “Information System”). In such event, in connection with the approved Information System, you agree to the provisions set forth below.

11.6. Billing and Payment Processing Services. We have the right to designate one or more approved vendors for billing and payment processing services. You must use the vendor that we designate (or one of the approved vendors if we designate more than one) for all your billing and payment processing. You must pay the designated vendor their customary charges for these billing and payment processing services, as well as their customary charges for all other ancillary services they provide.

11.7. Obligation to Deliver Price Lists. You will deliver to us current price lists of all goods and services you sell in, at or through your Franchise. We will have the right to rely upon the accuracy of the price lists, and may use the information to advertise, market and promote the Franchise, and the goods and services you sell. At any time, you may amend, modify or change the price list by notifying us in writing. Price changes will not be effective for a period of thirty (30) days after the notification, to enable us to modify advertising or promotional materials we use to advertise your goods or services. You will adhere to the price lists while they are effective. You may not sell any membership rights at a price less than that we specify from time to time in the Operations Manual.

11.8. Indemnification. You hereby release, indemnify, and agree to hold us, our affiliates, and our respective officers, directors, employees and agents, harmless from and against any and all claims, liability, damages, or causes of action of any nature arising from, or in connection with, the installation, maintenance, operation, or any unauthorized use of the Information System and its billing and payment processing, except to the extent arising from such party’s gross negligence or intentional acts.

11.9. Technology Platforms. Except as described in the Manual or otherwise in writing, we reserve the sole right to advertise the System on the Internet or sell any products or services on the Internet or any mobile or electronic application (or any current or future form of electronic platform or communication). You must participate in any Internet website, home page, web pages, electronic mail, social media sites, applications, online platforms, and other current or future forms of electronic communications that we require (collectively the “Technology Platforms”), as described in the Manual or otherwise in writing. To the extent that you may control or access any Technology Platform, the Technology Platforms must be operated and maintained by you in compliance with all provisions of this Agreement, including those regarding the use of confidential and proprietary information, as well as any and all operating procedures, policies, standards and requirements as we may specify from time to time. You must maintain any Technology Platform you control or access in compliance with all applicable laws, rules, and regulations, including but not limited to those applicable to copyright and trademark, privacy, anti-defamation, and advertising and endorsements. You must submit all content for any Technology Platform to us for our prior written approval before using such content. You must pay us or our designee (which may be our affiliate) the then-current fees for the access to, modification of and maintenance of the Technology Platforms. We may modify, suspend, replace, discontinue or add to any Technology Platforms at any time and you must comply with such changes at your expense. We retain sole ownership of the Technology Platforms, including any domains names, content, email addresses and information stored on the Technology Platforms. Your access to the Technology Platforms will automatically terminate upon expiration or termination of this Agreement. You hereby release and agree

to hold us, our officers and directors, harmless from and against any and all claims, liability, damages, or causes of action of any nature, arising from, or in connection with, the creation, operation, or maintenance of the Technology Platform, unless such liability arises out of our gross negligence or intentional acts.

11.9.1. You may not design, develop or host a website, or any web page, or use any domain name or email address containing the marks or regarding the FunBox Business other than as approved or required by us. We or our affiliates may establish and operate websites, social media accounts (such as Facebook, Twitter, Instagram, Pinterest, etc.), applications, keyword or Google AdWords purchasing programs, accounts with websites featuring gift certificates or discounted coupons (such as Groupon, Living Social, etc.), mobile applications, or other means of digital advertising on the Internet or any electronic communications network (collectively, “Digital Marketing”) that are intended to promote the Proprietary Marks, your FunBox Business, and the entire network of franchised businesses. We will have the sole right to control all aspects of any Digital Marketing, including those related to your FunBox Business. Unless we consent otherwise in writing, you may not, directly or indirectly, conduct or be involved in any Digital Marketing that use the Marks or that relate to the franchised business. If we do permit you to conduct any Digital Marketing, you must (i) comply with any standards or content requirements that we establish periodically and must immediately modify or delete any Digital Marketing that we determine, in our sole discretion, is not compliant with such standards or content requirements. We may withdraw our approval for any Digital Marketing at any time. Except as approved in advance in writing by us, you may not establish or maintain a separate website, splash page, profile or other presence on the Internet. If such approval is granted by us, you must: (i) establish and operate such Internet site in accordance with System standards and any other policies we designate in the Manual or otherwise in writing from time to time; and (ii) utilize any templates that we provide to you to create and/or modify such site(s).

11.10. Compliance with Our Standards. You will operate your FunBox Business through strict adherence to any mandatory standards, specifications and policies of the System as they exist from time to time, in order to ensure compliance with the quality standards of the System. You may offer from your FunBox Business only those products and services that we approve. We have the right to change the products and services that we require you to offer from your FunBox Business at any time, without limitation. You will at all times be responsible for the conduct of the day-to-day operation of your FunBox Business and for the terms of employment for your employees.

11.10.1. You acknowledge that the mandatory standards, specifications and policies we establish are not aimed at the day-to-day operation of your business, which will solely be within your control, but are merely intended to preserve the goodwill of the System and Marks.

11.10.2. Your FunBox Business must be open for business according to the days and hours specified in the Manual, subject to applicable state laws.

11.10.3. We reserve the right to have someone conduct an inspection of your FunBox Business after you open. We will provide you a copy of the report at your request. If your FunBox Business does not receive a passing score from that visit, a new inspection will be conducted. This process will be repeated until you have received a passing score. At our option, you must pay us for a final inspection fee we establish for each failed inspection to defer any costs we incur in re-inspecting your FunBox Business after the first inspection. This fee will be payable in the manner we specify.

11.11. Compliance with Laws. You will, at your expense, comply with all applicable local, state, federal and municipal laws, ordinances, rules and regulations pertaining to the operation of your FunBox Business, including, without limitation, any and all licensing and bonding requirements, health and safety regulations, labor and employment laws, and the Americans with Disabilities Act. You will, at your expense, consult an attorney to obtain advice with regard to compliance with all federal and state licensing laws and all other laws relating to the operation of your FunBox Business. Further, you will, at your expense, be exclusively responsible for determining the licenses and permits required by law for your FunBox Business, for filing, obtaining and qualifying for all such licenses and permits, and for maintaining all necessary licenses and permits throughout the term of this Agreement. You must comply

with all laws and regulations relating to privacy and data protection and must comply with any privacy policies or data protection and breach response policies we periodically may establish. You must notify us immediately of any suspected data breach at or in connection with the FunBox Business.

11.12. Payment of Liabilities. You will timely pay all of your obligations and liabilities, including, without limitation, those due and payable to us, and to your suppliers, lessors and creditors.

11.13. Taxes. You will promptly pay all federal, state, local, and any other applicable taxes arising out of the operation of your FunBox Business. We will not be liable for these or any other taxes and you will indemnify us for any such taxes that may be assessed or levied against us which arise or result from your FunBox Business, including any taxes imposed by your state on any royalties or other amounts you are required to pay to us and our affiliates.

11.14. Personnel. You are responsible for recruiting, hiring, training, and managing employees and others to operate your FunBox Business.

11.14.1. The people you retain to work in your FunBox Business will be your agents and employees. They are not our agents or employees and we are not a joint employer of those persons. It will be up to you to determine who to retain, how many people to retain (subject to any minimum staffing requirements we may prescribe), how you compensate these people, terms of employment and working conditions for your employees, when and how to discipline the people you hire, and when and how to terminate the people you hire. However, you are required at all times to comply with all federal, state, local, and any other applicable employment laws. We will not have any duty or obligation to operate your FunBox Business, to direct your employees, to schedule your employees, or to oversee your employment policies or practices.

11.14.2. You will designate an individual to serve as the Designated Principal of your FunBox Business. The Designated Principal will devote his/her full time and best efforts to the supervision and conduct of the development and operation of your FunBox Business and, as required in this Agreement, will agree to personally be bound by confidentiality and non-competition provisions of this Agreement. The Designated Principal, and anyone owning a controlling interest in your FunBox Business if other than the Designated Principal, will complete our initial training requirements and will complete all additional training as we may reasonably designate.

11.14.3. We will offer training to your employees from time to time. We may require you to send your employees to training and require you to pay our then-current fees for providing that training. However, the fact that we may offer training to your employees does not relieve you from the primary responsibility to assure your employees are properly trained. You will be solely responsible for all wages, travel, and living expenses, and all other costs incurred by you and your employees in connection with any training or instruction that we provide.

11.15. Photographs. We will have the right to photograph and make video or digital recordings of your FunBox Business premises and your employees at all reasonable times. We will have the right to use all photographs and videos or digital recordings of your FunBox Business for such purposes as we deem appropriate, including, but not limited to, use in training, advertising, marketing and promotional materials, and as evidence in any court or arbitration proceeding, to the extent the consent of any of your employees or others is required for our use of these photographs and recordings for commercial purposes, you will use your best efforts to obtain these consents. Neither you nor your employees will be entitled to any right to be compensated by us, our advertising agencies, or other franchisees for any use of such photographs or recordings.

11.16. Ownership of Information. All of the information we or our affiliates obtain from you or about your FunBox Business, and all information in your records or ours concerning the members of your FunBox Business (“the Information”) and all revenues we derive from the Information will be our property. However, you may at any time during the term of this Agreement use in the operation of your FunBox Business (but for no other purpose), to the extent lawful and at your sole risk and responsibility, any information that you acquire from third parties in operating your FunBox Business, such as customer data. The Information (except for information you provide to us or our affiliates with respect to you and your affiliates, including your respective officers, directors, shareholders, partners or equity members

of your entity) will become our property which we may use for any reason as we deem necessary or appropriate in our discretion. You hereby authorize your payment processor to release the information to us at any time. Following termination or expiration of this Agreement, you will no longer use any of the Information, except to comply with your post-term obligations under this Agreement, and you authorize your payment processor to release the Information exclusively to us and/or our designees.

11.17. Manual. You will operate your FunBox Business in accordance with all mandatory provisions of the Manual as revised from time to time. You will treat the Manual as confidential and will use all reasonable efforts to maintain the Manual as secret and confidential. You will use the Manual only in the operation of your FunBox Business. The Manual will remain our sole property. We may from time to time revise the contents of the Manual. You agree to comply with each new or changed standard. In the event of any dispute as to the contents of the Manual, the terms of the master copy of the Manual maintained by us will control. Any required specifications, standards and operating procedures described in the Manual or otherwise exist to protect our interests in the System and the Marks and to create a uniform customer experience, and not for the purpose of establishing any control or duty to take control over those matters that are reserved to you.

11.18. Visits. A representative of ours may make visits to your FunBox Business to ensure compliance with all required standards, specifications and procedures. Our representative will be allowed to inspect the condition and operation of your FunBox Business and all areas of your FunBox Business at any time during your business hours. Such inspections may include, without limitation, conducting any type of audit or review necessary to evaluate your compliance with all required payments, standards, specifications or procedures. We may, from time to time, make suggestions and give mandatory instructions with respect to your operation of your FunBox Business, as we consider necessary or appropriate to ensure compliance with the then-current quality standards of the System and to protect the goodwill and image of the System. You expressly agree that these visits will not imply that you are in compliance with your obligations under this Agreement or under the law or that we waive our right to require strict compliance with the terms of this Agreement or the Manual. Furthermore, such visits will not create any responsibility or liability in our part. If you request that we make additional visits to your FunBox Business, you will pay the fees we establish for such visits. You will also allow us to visit your FunBox Business with prospective franchisees during your business hours.

11.19. Notices of Default; Lawsuits or Other Claims. You will immediately notify us of, and deliver to us a copy of any notice regarding, a breach, default, claim, lawsuit, administrative or agency proceedings or investigations, or other actions or proceedings relating to your FunBox Business. Upon request from us, you will provide such additional information as may be required by us regarding the same.

11.20. Your Dealings with Us and Our Affiliates. You acknowledge that when we are required to perform any services for you, we may use any third parties, including affiliates of ours, to perform those services. If you are required to pay us a fee for those services, we may have you pay that fee directly to the affiliate or third party that performs the service. However, if you are not required to pay us a fee for the service, you will not be obligated to pay any parties we contract with for services that we are required to provide to you without charge under this Agreement. We and our affiliates may also receive rebates or compensation from other parties in connection with the provision of such services.

11.21. Purchases. You will purchase and offer for sale only such types, models or brands of fixtures, furniture, equipment, products, inventory, supplies and other items that we approve for FunBox Businesses as meeting our standards for quality, design, warranties, appearance, function and performance. Although we do not do so for every item, we have the right to approve the manufacturer of any item used or sold in your FunBox Business. You will not install or maintain at your FunBox Business any newspaper racks, video games, jukeboxes, gaming machines, gum machines, vending machines, video or similar devices without our, and any necessary governmental, prior written approval. We may require you, in our sole discretion, to purchase certain fixtures, furniture, equipment, inventory, supplies, services, and other items used or offered at your FunBox Business from suppliers who have been approved by us, in which case we will provide you with a list of approved suppliers.

11.21.1. You acknowledge and agree that certain products, supplies or other services, including the Information System, you may be required to purchase for use in the operation of your FunBox Business may only be available exclusively from us or our affiliates, or from other mandatory suppliers or vendors that we approve, in our sole discretion.

11.21.2. **THOUGH APPROVED BY US, WE AND OUR AFFILIATES MAKE NO WARRANTY AND EXPRESSLY DISCLAIM ALL WARRANTIES, INCLUDING WARRANTIES OF MERCHANTABILITY AND FITNESS FOR ANY PARTICULAR PURPOSE, WITH RESPECT TO FIXTURES, FURNITURE, EQUIPMENT (INCLUDING WITHOUT LIMITATION ANY AND ALL REQUIRED COMPUTER SYSTEMS), SUPPLIES, OR OTHER APPROVED ITEMS.**

11.22. **Taxes on Fees.** If your state, or any governmental body in your state, charges a tax on any fee you owe to us or to our affiliates, then you are required to pay an additional amount equal to the amount of this tax. (For purpose of clarification, this does not apply to any federal or state income taxes that we or our affiliates are required to pay.)

11.23. **Exclusive Use.** The rights and privileges granted to you under this Agreement are personal in nature and may not be used at any location other than the Franchised Location. You do not have the right to delegate, subfranchise, or sublicense any of your rights under this Agreement. Without our written consent, you may not use the Franchised Location for any purpose other than the operation of the FunBox Business.

11.24. **Proprietary Software Program.** If and at such time we develop and custom design any software programs for conducting scheduling, accounting, inventory and point-of-sale functions and related activities (“Proprietary Software Program”), you, at your own expense, agree to obtain the computer hardware required to implement the Proprietary Software Program into your Restaurant, and to comply with all specifications and standards prescribed by us regarding the Proprietary Software Program, as provided in the Operating Manual or otherwise in writing. This Proprietary Software Program will be proprietary to us and Confidential Information of ours. It is possible that we might not be able to alter the Proprietary Software Program to accommodate each and every franchisee of the System, and therefore, at such time that we require the implementation of such software, you will only utilize the program as prescribed by us. At such time as we require the implementation of such Proprietary Software Program, we or our designee agree to provide ongoing service and support to you regarding the Proprietary Software Program and will lease such Proprietary Software Program to you at the then current rates published by us.

11.25. **Audits.** If you fail to furnish any reports we require or understate your Gross Sales by more than three percent (3%), we may charge you the understated amount plus interest at the maximum rate allowed by law, plus audit fees and related expenses we incur.

11.26. **Your Participation in the Operation of the FunBox Business.** If you are a business entity, while your Designated Principal must be onsite at your FunBox Business no fewer than twenty (20) hours per week, every other person who owns at least ten percent (10%) of your equity interest must be present and onsite at your FunBox Business for no fewer than twenty (20) hours per month.

## **12. CONFIDENTIAL INFORMATION/ IMPROVEMENTS**

12.1. You acknowledge that all the information you have now or obtain in the future concerning the System and the concepts and methods of promotion franchised hereunder is derived from us pursuant to this Agreement, and that you will treat such information in confidence. You agree never to, directly or indirectly, engage in or abet the misappropriation (as the term “misappropriation” is defined in the Nevada Trade Secrets Protection Act), or the disclosure, divulgence, or distribution of all or any part of the System and the concepts and methods of promoting franchises hereunder. You will disclose such confidential information only to such of your employees as must have access to it in order to operate your FunBox Business and use it only for the operation of your FunBox Business. At our request, you will be required to deliver to us confidentiality agreements and non-compete agreements in a form satisfactory to us from your owners, the spouses of your owners, and your employees. The scope

of the confidentiality agreements shall be consistent with the provisions of this Section, and the scope of the noncompete agreements shall be consistent with the provisions herein.

12.2. At your discretion, you may allow any financial institution that has loaned money to you or to your business to have access to your books and records to confirm your billings, collections, receivables, and any other financial information you have provided to the financial institution.

12.3. If you conceive or develop any improvements or additions to the System, new trade names, trade and service marks or other commercial symbols related to your FunBox Business, or any advertising and promotion ideas related to your FunBox Business (“Improvements”), you will fully disclose the Improvements to us without disclosure of the Improvements to others, and you will obtain our written approval before using such Improvements. Any such Improvement that we approve may be used by us and all our other franchisees without any obligation to pay you royalties or similar fees. You will assign ownership of all Improvements to us, and hereby do assign, without charge, any rights, together with the goodwill associated with the Improvements, including the right to grant sublicenses to any such Improvement. We, at our discretion, may make application for and own copyrights, trade names, trademarks and service marks relating to any such Improvement. We also may consider such Improvement as our property and trade secret. We will, however, authorize you to use any Improvement authorized generally for use by our other franchisees.

12.4. Notwithstanding any other provision of this Agreement, there may be certain, limited circumstances where applicable law allows for the disclosure of certain trade secrets in limited circumstances, as specified in the Manual.

### **13. INSURANCE; INDEMNIFICATION**

13.1. **Insurance.** You alone will be responsible for any claim, action, loss, damage, liability, injury or death arising out of, or relating to, the operation of your FunBox Business or arising out of, or relating to, your acts or omissions or the acts or omissions of any of your agents, employees or contractors in connection with the operation of your FunBox Business. You agree to indemnify and hold us and our affiliates and our respective officers and directors harmless against and from any and all such claims, actions, losses, liability, damages, injuries, or deaths, including costs and reasonable attorneys’ fees. You will obtain and maintain in force and pay the premiums for general liability insurance with complete operations coverage, broad form contractual liability coverage, property damage, and other insurance (including bonds) in such types as we may require (such as cyber insurance and employment practices insurance), or as required by law from time to time. We will provide minimum insurance requirements in the Operations Manual, which we may update from time to time, and which you must adhere to as updated. All such policies will have minimum limits we may prescribe from time to time, and will be with carriers who have minimum ratings that we may prescribe from time to time. Such insurance policies will expressly protect both you, us and our affiliates and our respective offices, directors and employees, and will require the insurer to defend both you and us in any action you will submit to us, within thirty (30) days of our request, any and all loss ratios or other information we request in connection with such insurance policies. You will furnish to us a copies of all insurance policies, certificates of insurance, endorsements, or other proof of insurance in the form we require, as set forth above, naming us as an additional insured, and providing that such policy will not be canceled, amended or modified except upon thirty (30) days’ prior written notice to us. At our request, you will deliver to us proof of insurance in the form we require and evidence of policy renewals at least thirty (30) business days before expiration. You will have all policies of insurance provide that the insurance company will have no right of subrogation against either party hereto or their respective agents or employees. Maintenance of the insurance requirement will not relieve you of the obligations of indemnification. If you fail to obtain or maintain in force any insurance as required by this Section or to furnish any proof of insurance required hereunder, we may (but have no obligation to), in addition to all other available remedies, obtain such insurance or certificates, and you will promptly reimburse us for all insurance premiums and other costs incurred in obtaining such insurance, including an administrative fee for our

time in obtaining the coverage for you. You assume all risks in connection with the adequacy of any insurance or self-insurance program and waive any claim against us for any liability costs or expenses arising out of any uninsured claim, in full or in part, of any nature whatsoever. Your obligation to obtain and maintain these insurance policies in the minimum amounts we require is not limited in any way by reason of any insurance that we may maintain, nor does your procurement of required insurance relieve you of liability under the indemnity obligations described herein. Your insurance procurement obligations under this Section are separate and independent of your indemnity obligations. We do not represent or warrant that any insurance that you are required to purchase will provide adequate coverage for you. The requirements of insurance specified in this Agreement are for our protection. You should consult with your insurance agents, brokers, attorney or other insurance advisors to determine the level of insurance protection you need in addition to the coverages and limits we require.

13.2. Relationship; Your Indemnification. We and you are independent contractors. Neither we nor you will make any agreements, representations, or warranties in the name of or on behalf of the other or that our relationship is other than franchisor and franchisee. Neither we nor you will be obligated by or have any liability under any agreements, representations or warranties made by the other nor will we be obligated for any damages to any person or property directly or indirectly arising out of the operation of your FunBox Business. You assume sole and complete responsibility for and will defend at your own cost and indemnify, reimburse and hold harmless us, our affiliates and our respective officers and directors from and against all loss, costs, expenses, obligations and damages and liabilities (including defense costs) arising directly or indirectly out of the development or operation of your FunBox Business, including, without limitation, claims relating to your employment practices, equipment selection, and floor plan, you or your employees' actions or inactions and amounts we pay on your behalf. You will have the right to defend any such claim against you. We, using our own counsel, by notice to you, may control any matter in which we are named or directly affected, but this will not affect your liability to pay all attorneys' fees we incur in defending ourselves, which obligation is part of your indemnification obligation. The indemnities and assumptions of liabilities and obligations set forth in this Agreement will continue in full force and effect subsequent to the expiration or termination of this Agreement.

13.3. Our Indemnification. We will indemnify you against and reimburse you for any obligations or liability for damages payable to third parties and attributable to agreements, representations or warranties made by us, or caused by our negligence or willful action (so long as such obligations or liabilities are not asserted on the basis of theories such as agency, apparent agency or vicarious liability or claim of negligent failure to compel your compliance with the provisions of this Agreement, the Manual or any other agreement between you and us), and for costs reasonably incurred by you in the defense of any such claim brought against you or in any action in which you are named as a party, provided that we will have the right to participate in and, to the extent we deem necessary, to control any litigation or proceeding which might result in liability of or expense to you subject to such indemnification.

#### **14. FINANCIAL STATEMENTS AND AUDIT RIGHTS**

14.1. Books and Records. You must prepare, and must preserve for at least five (5) years from the dates of their preparation, complete and accurate books, records, and accounts, in accordance with generally accepted accounting principles, which may include a prescribed chart of accounts and/or use of a designated accounting program or platform. You must record all sales, sales tax, and any other charges collected on behalf of third parties in accordance with the procedures prescribed in the Manual on the point-of-sale system that we specify.

14.2. Sales Reports. By no later than close of business on Monday of each week, you must submit a complete and accurate report of Gross Sales for the preceding week (Monday through Sunday), and such other weekly data as we may reasonably require. We reserve the right to designate a different reporting period in the Manual.

14.3. Other Reports. In addition to the Sales Reports referenced herein, you must submit to us, at your expense, the form we prescribe:

14.3.1. Within ten (10) days after the end of each month, a statement of operating performance of your FunBox business including total revenue, total sales per category, and other revenue and information as specified in the Manual;

14.3.2. Within thirty (30) days after the end of each of your fiscal quarters, interim unaudited income statements and balance sheets; and

14.3.3. Within ninety (90) days after the end of each of your fiscal years, an income statement showing the results of your operations during such fiscal year and a balance sheet as of the end of such fiscal year, both of which must be prepared in accordance with generally accepted accounting principles.

14.4. Financial Statements. Within thirty (30) days following your fiscal year end, you will, at your own expense, provide us with copies of your financial statements (reviewed by your accountant), including an income statement for the fiscal year just ended and a balance sheet, cash flow statement, and any other document accompanying your financial statements, as of the end of such fiscal year, which financial statements will have been prepared in accordance with generally accepted accounting principles applied on a consistent basis. We will also have the right to request other financial statements, reports and information from you during the year, and you will deliver those financial statements, reports and information to us when, and in the form and manner, we require. Also, on or before April 15 of each year, you shall provide us with a copy of your federal tax return and the federal tax returns of your owners for the previous tax year.

14.5. Review Rights. You will make all of your financial books and records available to us and our designated representatives at all reasonable times for review.

## **15. ASSIGNMENT AND TRANSFER OF THE FRANCHISE AGREEMENT**

15.1. By Us. We may transfer or assign this Agreement or any or all of the rights, interests, benefits or obligations arising under it without restriction to any person or legal entity. You agree that we will have no liability after the effective date of the transfer or assignment for the performance of any obligations under this Agreement. You acknowledge that we can sell our assets; sell securities in a public offering or in a private placement; merge with, acquire, or be acquired by another company; or undertake a refinancing, recapitalization, leveraged buy-out, or other economic or financial restructuring, without restriction and without affecting your obligations under this Agreement.

15.2. By You. This Agreement, and your rights and obligations under it, are and will remain personal to you. As used in this Agreement, the term “Transfer” will mean any sale, lease, assignment, gift, pledge, mortgage or any other encumbrance, transfer by bankruptcy, transfer by your disability or death or by judicial order, merger, consolidation, share exchange, transfer by operation of law or otherwise, whether direct or indirect, voluntary or involuntary, of this Agreement or any interest in it, or any rights or obligations arising under it, or of any material portion of your assets used to operate your FunBox business or of any interest in you, or if you are a corporation, partnership, limited liability company or other entity, a transfer, pledge, assignment, or other disposition of direct or indirect control or ownership of twenty-five percent (25%) or more of any interest in your entity. In addition, if there are two (2) individuals signing this Agreement as Franchisee, and one (1) of those individuals is no longer involved in the ownership of your FunBox Business, the withdrawal of that person will be considered a “Transfer.” A “Transfer” will also be deemed to occur when there are more than two (2) people listed as the Franchisee and there is a change in the ownership of your FunBox Business such that less than a majority of the original signers continue to have a majority interest in the equity of the business. You (and your shareholders, partners and members) will not directly or indirectly make a Transfer without our prior written consent and any transfer shall be subject to our right of first refusal, as set forth in Section 19 (“Right of First Refusal”) below. Unless otherwise provided in this Agreement, we will not unreasonably withhold, delay or condition our consent to a Transfer, subject to all of the following conditions being satisfied:

15.2.1. you are in full compliance with this Agreement, you have no uncured defaults, and all your debts and financial obligations to us and our affiliates are current;

15.2.2. you provide us with all information we may require concerning the proposed transaction (including a copy of the purchase agreement and all related documents), and the proposed transferee;

15.2.3. we are satisfied that the proposed transferee (and if the proposed transferee is an entity, all holders of any interest in such entity) meets all of the requirements for our new franchisees, including, but not limited to, good reputation and character, business experience, and financial strength, credit rating and liquidity, and that the sale price is not excessive;

15.2.4. you sign a written agreement in a form satisfactory to us in which you and your investors covenant to observe all applicable post-term obligations and covenants contained in this Agreement and release us and our affiliates from any claims you may have against us, or any further obligations we may have to you;

15.2.5. the proposed transferee enters into a new franchise agreement with us, on the terms we then generally offer to new franchisees (including fees payable and size of territory); provided, however, that no new initial franchise fee will be required to be paid, and further provided that the term of that franchise agreement, unless otherwise agreed, will be the remaining term of your franchise agreement;

15.2.6. the proposed transferee agrees in writing to perform such maintenance, remodeling and re-equipping of your Franchised Location that we determine necessary to bring your Franchised Location in compliance with our then-current standards, including any updates to your technology and security equipment that we determine necessary;

15.2.7. prior to the date of the proposed Transfer, the proposed transferee's Designated Principal successfully completes such training and instruction as we deem necessary;

15.2.8. you and all holders of an interest in you sign a general release, in the form prescribed by us, releasing, to the fullest extent permitted by law, all claims that you or any of your investors may have against us and our affiliates, including our and their respective shareholders, officers, directors and employees, in both their individual and corporate capacities;

15.2.9. prior to the Transfer and regardless of whether you or we procure the buyer, you pay us a transfer fee equal to five percent (5%) of the sales price (the "Transfer Fee"). If the transaction involves one or more FunBox business other than the location franchised under this Agreement, the transferor must also pay the Transfer Fee specified in the franchise agreement for each other FunBox business in the transaction; and

15.2.10. prior to the Transfer, you pay us a training fee of twelve thousand five hundred dollars (\$12,500) (the "Buyer Training Fee") to compensate us for training the buyer. If the transaction involves one or more FunBox business other than the location franchised under this Agreement, the transferor must also pay the Buyer Training Fee for each other FunBox business in the transaction

15.3. Additional Transfer Restrictions. We may expand upon, and provide more details related to, the conditions for transfer and our consent as described in this Section and may do so in the Manual or otherwise in writing. You consent to our releasing to any proposed transferee any information concerning your FunBox Business that you have reported to us, or that is in our files or otherwise available to us, including but not limited to financial information.

15.4. Transfers to an Entity Wholly Owned by You. If you desire to transfer this Agreement to a corporation or limited liability wholly owned by you, where the ownership and management of the FunBox Business will not change, the requirements of Section 15.2 shall apply to such a transfer; however, you will not be required to pay a Transfer Fee. Our consent also will be conditioned on the following: (1) the entity must be newly organized; (2) prior to the transfer, we must receive a copy of the documents specified in Section 15.2 and the transferee shall comply with the remaining provisions of Section 15; and (3) you must own all voting securities of the newly formed corporation (or membership interests of the newly formed limited liability company) or, if you are owned by more than one individual, each person shall have the same proportionate ownership interest in the corporation (or the limited liability company) as prior to the transfer.

15.5. Transfer Upon Death or Disability. If a transfer or assignment is caused by your death or incapacity (including the death or incapacity of any person directly or indirectly owning fifty percent (50%) or more of an interest in the entity that is the franchisee under this Agreement), your executor or personal representative must transfer the ownership interest within nine (9) months of date of death or disability. A new Operating Partner must be appointed within sixty (60) days. The provisions of this Section must be met by the heir or personal representative succeeding to your interest; provided, however, if the heir or personal representative assigns, transfers, or sells its interest in the Franchise. Nothing in this Section will be construed as prohibiting your interests from being pledged as security to an institutional lender who has provided financing to or for your FunBox Business, provided the institutional lender accepts such security interest subject to our conditions.

15.6. Our Right of First Refusal.

If, at any time during the Term of this Agreement, you receive a bona fide offer to purchase your FunBox Business (or if you are a company, partnership or other entity, the equity ownership of you), which offer you are willing to accept, you will communicate in writing to us the full terms of the offer and the name of the offeror. We have the right, exercisable within fifteen (15) days after receipt of a written request for our approval of a proposed transfer pursuant to this Section (other than a transfer to immediate family members of your owners who meet our operational and financial criteria for new franchisees), to purchase the interest proposed to be transferred. The request for approval of transfer must include a true and complete copy of the term sheet, letter of intent, proposed purchase agreement, assignment document, or any other document necessary to implement the transfer, and not be subject to financing or any other contingencies. Our fifteen (15) day period for determining whether or not to exercise our right of first refusal will not begin until the transferor has provided all information and documentation that we require in a form and substance satisfactory to us. We may assign this right of first refusal to a third party in our sole discretion. If we desire to exercise our right of first refusal, we will do so by providing written notice (the "Purchase Notice") to the transferor, as follows:

15.6.1. If the transfer is proposed to be made pursuant to a sale, we may purchase the interest proposed to be transferred on the same financial terms and conditions offered by the third party. Closing on our purchase will occur within fifteen (15) days after the date of the transferor's receipt of the Purchase Notice. If the consideration, terms, and/or conditions offered by the third party are such that we may not reasonably be required to furnish the same consideration, terms, and/or conditions, then we may purchase the interest proposed to be sold for the reasonable equivalent in cash. If, within fifteen (15) of the transferor's receipt of the Purchase Notice the parties cannot agree as to the reasonable equivalent in cash consideration, an independent appraiser will be appointed by mutual agreement and the determination of the appraiser will be binding. Any material change in the terms of the offer from a third party after we have elected not to purchase the interest sought to be transferred will constitute a new offer subject to the same rights of first refusal by us as in the case of the third party's initial offer.

15.6.2. If the transfer is proposed to be made by gift, you and we will jointly designate, at our expense, an independent appraiser to determine the fair market value of the interest proposed to be transferred. We may purchase the interest at the fair market value determined by the appraiser. Closing on the purchase will occur within fifteen (15) days after our notice to the transferor of the appraiser's determination of fair market value.

15.6.3. Our failure to exercise our right of first refusal shall not constitute approval of the proposed transfer nor a waiver of any other provision of this Section with respect to a proposed transfer. If we do not exercise our right of first refusal, you or your owners may complete the sale to such offeror pursuant to and on the exact terms of such offer, subject to our consent to the transfer as provided herein, provided that if the sale to such offeror is not completed within sixty (60) days after receipt of our notice of our decision not to exercise our right of first refusal, or if there is a material change in the terms of the offer, you must promptly notify us, and we will have an additional right of first refusal (on the terms of the revised offer, if any, and otherwise as set forth herein) during the thirty (30) day period following your notification of the expiration of the sixty (60) day period or the material change to the terms of the offer.

15.7. Securities Offering. All materials for a public offering of stock or partnership interests in you or any of your affiliates that are required by federal or state law shall be submitted to us for review as described below before such materials are filed with any government agency. Any materials to be used in any exempt offering shall be submitted to us for such review before their use. You agree that: (1) no offering by you or any of your affiliates may imply (by use of the Marks or otherwise) that we are participating in an underwriting, issuance, or offering of your securities or your affiliates; (2) our review of any offering shall be limited solely to the relationship between you and us (and, if applicable, any of your affiliates and us); and (c) we will have the right, but not obligation, to require that the offering materials contain a written statement that we require concerning the limitations stated above. You (and the offeror if you are not the offering party), your owners, and all other participants in the offering must fully indemnify us, our subsidiaries, affiliates, successor, and assigns, and their respective directors, officers, shareholders, partners, agents, representatives, servants, and employees in connection with the offering. For each proposed offering, you agree to pay us a non-refundable fee of ten thousand dollars (\$10,000) or such greater amount as is necessary to reimburse us for our reasonable costs and expenses (including legal and accounting fees) for reviewing the proposed offering as well as any subsequent or periodic documents needed in connection with your securities offering (e.g., quarterly or annual filings). You agree to give us written notice at least thirty (30) days before the date that any offering or other transaction described in this Section commences. Any such offering shall be subject to all of the other provisions of this Section; and further, without limiting the foregoing, it is agreed that any such offering shall be subject to our approval as to the structure and voting control of the offeror (and you, if you are not the offeror) after the financing is completed.

15.8. Nonconforming Transfers Void. Any purported assignment or transfer that is not in compliance with this Section will be null and void and will constitute a material breach of this Agreement, for which we may terminate this Agreement without opportunity to cure pursuant to Section 19.2 below. Our consent to a transfer will not constitute a waiver of any claims we may have against the transferor, nor will it be deemed a waiver of our right to demand exact compliance by the transferor, transferee or you with any of the terms of this Agreement.

15.9. Acknowledgement of Restrictions. You acknowledge and agree that the restrictions imposed on transfers are reasonable and necessary to protect the goodwill associated with the System and the Marks, as well as our reputation and image, and are for the protection of us, you, and all other franchisees that own and operate FunBox Businesses.

## **16. OUR TERMINATION RIGHTS**

16.1. Without Notice. You will be considered in breach of this Agreement and we may, at our option, terminate this Agreement, without affording you any opportunity to remedy the breach, effective upon delivery of notice of termination to you, following the occurrence of any of the following events:

16.1.1. You are liquidated or dissolved;

16.1.2. You or any of your owners make an unauthorized transfer as defined under this Agreement;

16.1.3. You or any of your owners are proven to have engaged in fraudulent conduct, or are convicted of, or plead guilty or no contest to a felony or a crime involving moral turpitude, or any other crime or offense that we believe is reasonably likely to have an adverse effect on the System, the Marks or the goodwill associated therewith;

16.1.4. You are given three (3) or more notices of being in material violation of any of the terms or requirements of this Agreement within any twelve (12) month period, whether or not such defaults are timely cured after notice;

16.1.5. You misuse or make any unauthorized use of the Marks and do not cease such misuse or unauthorized use within twenty-four (24) hours after receiving notice from us;

16.1.6. You, by act or omission, materially impair the value of, or the goodwill associated with, any of the Marks or the System;

16.1.7. On more than two occasions fail to report monthly Revenue on time, understate monthly Revenue by more than two percent (2%);

16.1.8. Make or have made any material misrepresentation or misstatement on the franchise application or with respect to ownership of the Franchise. If you misrepresented yourself and you are a competitor of ours or a competitor of an affiliate of ours, we may keep the entire initial franchise fee, cancel training, and terminate this Agreement.

16.1.9. Allow the Franchise or FunBox Business to be seized, taken over, or foreclosed by a creditor, lienholder, or lessor; let a final judgment against you to remain unsatisfied for thirty days (unless a supersedeas or other appeal bond is filed); or allow a levy of execution upon the Franchise or upon any property used in the Franchise, that is not discharged by means other than levy within five days of the levy;

16.1.10. Are convicted of a felony or a sex crime, are required to register as a sex offender, have been convicted of a crime of moral turpitude, are on probation or parole, or are convicted of any criminal misconduct relevant to the operation of the Franchise;

16.1.11. Within a period of ten days after notification of noncompliance, fail to comply with any federal, state, or local law or regulation applicable to the operation of the Franchise;

16.1.12. Operate the Franchise in a manner that creates an imminent danger to public health or safety;

16.1.13. Attempt to unilaterally repudiate this Agreement or the performance or observance of any of its terms, conditions, covenants, provisions or obligations by any conduct evidencing your intention to no longer comply with or be bound by this Agreement;

16.1.14. Specifically, if you operate an indoor FunBox Park:

16.1.14.1. You fail to construct, remodel, and commence operating your FunBox Business within twelve (12) months from the Effective Date of this Agreement;

16.1.14.2. The premises for your FunBox Business is not constructed strictly according to the plans we have approved, and you do not remedy the deficiencies within thirty (30) days after notice from us;

16.1.14.3. You fail to operate for five (5) consecutive days (unless prevented from so by fire, flood, or acts of nature), or otherwise abandon your FunBox Business, or forfeit the right to do or transact business in the jurisdiction where your FunBox Business is located, or lose the right to possession of the premises in which your FunBox Business operates;

16.1.15. Specifically, if you operate an outdoor FunBox Park:

16.1.15.1. you fail to operate for at least twelve (12) weeks during any calendar year;

16.1.15.2. you fail to commence operating your FunBox Business within fifteen (15) months from the Effective Date of this Agreement.

16.2. With Notice and Opportunity to Remedy. Except for those breaches provided for under Section 16.1 above, you will be in breach of this Agreement for any failure to maintain or comply with any of the terms, covenants, specifications, standards, procedures or requirements imposed by this Agreement or any other agreement you or any of your affiliates have with us or with any of our affiliates, or in any Manual, policy or procedure statement or other written document provided by us, or to carry out the terms of this Agreement in good faith. Before we terminate this Agreement as a result of such breaches, we will provide you with thirty (30) days written notice of your breach. If the breaches specified in such notice are not remedied within the thirty (30) day period (either by you or by any financial institution that has loaned money to you or to your business), we may terminate this Agreement upon the expiration of the thirty (30) day period without further notice. Such breaches will include, without limitation, the occurrence of any of the following events:

16.2.1. You fail, refuse or neglect to order the Inflatable Park Components for your FunBox Park within thirty (30) days of the Effective Date of this Agreement;

16.2.2. You fail, refuse, or neglect to promptly pay when due any monies owing to us, our affiliates or to other creditors you have, or to submit the financial or other information required under this Agreement;

16.2.3. A threat or danger to public health or safety results from the construction, maintenance, or operation of the FunBox Business;

16.2.4. You sell non-approved products or services; or

16.2.5. You, by act or omission in connection with the operation of your FunBox Business, permit a continuing violation of any applicable law, ordinance, rule, or regulation of a governmental body; provided, however, that if such act or omission damages the goodwill associated with the System or the Marks, we will have the right to terminate this Agreement if you do not cure such default within twenty-four (24) hours after notice from us.

16.3. Applicable Law. If the provisions of this Section are inconsistent with applicable law, the applicable law will apply.

16.4. Pre-termination Options. Prior to the termination of this Agreement, if you fail to pay any amounts owed to us or our affiliates, fail to comply with any term of this Agreement, or notify us that your FunBox Business is closing, then in addition to our right to terminate this Agreement or to bring a claim for damages, we have the option to:

16.4.1. Prohibit you from selling products and services;

16.4.2. Remove the listing of your FunBox Business from all advertising published or approved by us;

16.4.3. Cease listing your FunBox Business on any Technology Platforms;

16.4.4. Prohibit you from attending any meetings or programs held or sponsored by us;

16.4.5. Terminate your access to any computer system or software we own, maintain, or license to you (whether licensed by us or by one of our affiliates);

16.4.6. Suspend all services we or our affiliates provide to you under this Agreement or otherwise; and/or

16.4.7. Contact your landlord(s), lender(s), suppliers and customers regarding the status of your operations, and provide copies of any default or other notices to your landlord(s), lender(s) and suppliers.

16.5. Our Continuing Rights. Our actions, as outlined in this Section may continue until you have brought your accounts current, cured any default, and complied with our requirements, and we have acknowledged the same in writing. The taking of any of the actions permitted in this Section will not suspend or release you from any obligation that would otherwise be owed to us or our affiliates under the terms of this Agreement or otherwise. Further, you acknowledge that the taking of any or all such actions on our part will not deprive you of the most essential benefits of this Agreement and will not constitute a constructive termination of this Agreement.

## **17. YOUR TERMINATION RIGHTS**

You may terminate this Agreement if we violate any material obligation to you and fail to cure such violation within sixty (60) days after our receipt of written notice from you; provided, however, that you must be in compliance with the Agreement at the time of giving each notice and at the time of termination. Your written notice of our alleged violation must identify the violation, demand that it be cured, and indicate your intent to terminate this Agreement if it is not cured.

## **18. YOUR OBLIGATIONS UPON TERMINATION OR EXPIRATION**

18.1. Your Obligations upon Termination or Expiration. Upon termination or expiration of this Agreement, all rights granted to you under this Agreement will terminate, the franchise will revert to us, you specifically authorize us to contact your payment processor and cancel any agreement you may have with that payment processor, and you will have the obligations set forth below, which obligations survive the expiration or termination of this Agreement, along with any other provisions of

this Agreement which by their nature may or are to be performed following expiration or termination of this Agreement:

18.1.1. You will immediately cease to operate the business franchised under this Agreement, and will not thereafter, directly or indirectly, represent to the public or hold yourself out as a franchisee of the System with respect to such business.

18.1.2. You will immediately and permanently cease to use, in any manner whatsoever, all confidential information, approved Information System and related software, methods, procedures and techniques used by or associated with the System, and the Marks and distinctive forms, slogans, signs, symbols, logos and devices associated with the System, as well as any name, mark, symbol, logo or slogan similar to any of the Marks. You will also specifically authorize us to physically remove any signage bearing any of the Marks that you may fail to remove. Further, if we elect to remove such signage, you will, upon demand, reimburse us for any costs we incur in doing so.

18.1.3. You will immediately return to us the Manual, all copies or excerpts thereof, and any property held or used by you that is owned by us and will cease to use, and either destroy or convey to us, all signs, advertising materials, displays, stationery, forms and any other materials that bear or display the Marks.

18.1.4. You will take such actions as may be necessary to cancel any assumed name or similar registration that contains the Mark “FunBox” or any other Mark, and will immediately and permanently refrain from and cease all use of the Marks “FunBox”, “FunBox Amusement Park”, “World’s Biggest Bounce Park!”, “FunBox JumpPark”, and “FunBox City” or any other Mark on or in any Technology Platforms and cancel any Technology Platform you control as we direct. You agree and acknowledge that your continued use of the Marks after the expiration or termination of this Agreement will be without our consent and will constitute an “exceptional case” under federal trademark law (15 U.S.C. § 1117) entitling us to recover treble damages, costs and attorneys’ fees.

18.1.5. You will, within ten (10) days after termination or expiration of this Agreement, make such modifications and alterations to your FunBox Business premises as may be necessary to distinguish the appearance of the premises from all attributes of the System and will make such specific additional changes thereto as we may request. You agree that, at a minimum, such modifications will include: (i) removal of all signage; (ii) alteration of the color scheme and decor; and (iii) discontinuation of the use of any item containing any of the Marks.

18.1.6. Within five (5) days after termination, you will pay to us all amounts owed to us under this Agreement, including the Royalty Fees that would be due through the date this Agreement was scheduled to expire. Further, if this Agreement is terminated for any reason other than as a result of a material breach of this Agreement by us that is not cured within thirty (30) days following notice from you, such sums will include all damages, costs, and expenses, including reasonable attorneys’ fees, incurred by us as a result of the default and the termination. You agree that until such obligations are paid in full, you hereby grant us a lien against any and all of the personal property, furnishings, equipment, signs, fixtures and inventory owned by you and located on your FunBox Business premises on the date this Agreement terminates or expires and authorize us to file financing statements and other documents we deem appropriate to perfect such lien.

18.1.7. If requested by us, you will take all further action and execute all documents necessary to convey and assign to us all telephone numbers that have been used in the operation of your FunBox Business, except for your personal cellular telephone numbers, as well as any other registrations or listings for any Technology Platforms that include the Marks or if we do not so request, you will cease all use of such telephone numbers and Technology Platforms that include the Marks.

18.1.8. You will comply with the covenants contained in this Agreement, including, but not limited to, the covenants not to compete and the covenants not to disclose trade secrets or confidential information.

18.1.9. We may, if you fail or refuse to do so, execute in your name and on your behalf, any and all actions and/or documents that may be necessary to affect your obligations under Sections 16.4

and 16.7, and you hereby irrevocably appoint us as your attorney in fact to do so, which appointment is coupled with an interest.

18.1.10. You will furnish us with written evidence, including but not limited to receipts, invoices, and other relevant documents, satisfactory to us of compliance with all the obligations set forth in this Section within thirty (30) days after termination or expiration of this Agreement.

18.2. Our Right to Purchase. Upon expiration or termination of this Agreement, we have the option, upon fifteen (15) days' written notice from the date of expiration or termination, to purchase from you all or any portion of the tangible and intangible assets relating to the FunBox Business, including your FunBox Business premises if you own the FunBox Business premises (excluding any unsalable inventory, cash, short-term investments and accounts receivable) (collectively, the "Purchased Assets") and to an assignment of your lease for (1) the FunBox Business premises (or, if an assignment is prohibited, a sublease for the full remaining term under the same provisions as your lease) and (2) any other tangible leased assets used in operating the FunBox Business. We may assign to a third party this option to purchase and assignment of leases separate and apart from the remainder of this Agreement.

18.2.1. The purchase price for the assets of the FunBox Business will be the "Book Value" (as defined below) of the Purchased Assets. "Book Value" means the net book value of the Purchased Assets, as disclosed in the last statement of your FunBox Business provided to us before termination or expiration, provided, however, that: (1) each depreciable asset will be valued on a "straight-line" basis without provision for salvage value; (2) we may exclude from the Purchased Assets any products or other items that were not acquired in compliance with this Agreement; and (3) we may exclude from Book Value any provision for goodwill or similar value attributable to intangible property. If we are not satisfied with the accuracy or fairness of any financial statements, or none has been submitted, our regularly employed firm of certified public accountants will determine (by audit) the Book Value. We and you will equally bear the cost of the audit. The results of the audit will be final and binding on both parties.

18.2.2. The purchase price, as determined above, will be paid in cash at the closing of the purchase, which will occur no later than fifteen (15) days after we deliver notice of our election to purchase the assets of your FunBox Business, unless Book Value is determined by audit, in which case the closing will occur within a reasonable time, not to exceed fifteen (15) days, after the results of the audit are made available. At the closing, you will deliver documents transferring good and merchantable title to the assets purchased, free and clear of all liens, encumbrances and liabilities to us or our designee and such other documents we may reasonably request to permit us to operate your FunBox Business without interruption. We may set off against and reduce the purchase price by all amounts you owe to us or any of our affiliates. If we exercise our option to purchase your FunBox Business, we may, pending the closing, appoint a manager to maintain your FunBox Business operations.

18.2.3. If we assume any leases for the premises for your FunBox Business or if we assume the leases for other tangible leased assets used in your FunBox Business under this Section, you will pay, remove or satisfy any liens or other encumbrances on your leasehold interests and will pay in full all amounts due the lessor under the leases existing at or prior to assumption. We are not liable for any obligation you incur before the date we assume any leases.

## **19. YOUR COVENANTS NOT TO COMPETE**

19.1. During Term. You will not, directly or indirectly, during the term of this Agreement, on your own account or as an employee, consultant, partner, officer, director, shareholder or member of any other person, firm, entity, partnership, corporation or company, own, operate, lease to or lease from, franchise, engage in, be connected with, have any interest in, or assist any person or entity engaged in owning, operating, or managing any Competitive Business, wherever located, whether within the Territory or elsewhere.

19.2. After Expiration, Termination, or Transfer. You will not, directly or indirectly for a period of two (2) years after the transfer by you, or the expiration or termination of this Agreement, on your own account or as an employee, consultant, partner, officer, director, shareholder, lender, or joint

venturer of any other person, firm, entity, partnership, corporation or company, own, operate, lease to or lease from, franchise, conduct, engage in, be connected with, have any interest in or assist any person or entity in a Competitive Business, which is located within the Territory or within a one hundred (100) mile radius of any FunBox business, whether owned by us, our affiliates, or a franchisee, wherever located, whether within the Territory or elsewhere.

19.3. Reasonableness. You agree that the scope of the prohibitions set forth in Sections 17.1 and 17.2 are reasonable and necessary to protect us and the System (including other franchisees of the System). You agree that the prohibitions in Section 17.1 must be very broad in order to prevent you from taking information, materials and training we are providing to you on an ongoing basis and using them to either compete with us, or preempt or otherwise restrict our ability to enter new markets. You agree that the time period and the scope of the prohibitions set forth in Section 17.2 are the reasonable and necessary time and distance needed to protect us if this Agreement expires or is terminated for any reason. You also agree that you have many other opportunities available to earn a living, and that these restrictions will not preclude you from engaging in a lawful trade or business for which you otherwise have training or experience.

19.4. Exception. The purchase of a publicly traded security of a corporation engaged in a competitive business or service will not in itself be deemed violative of this Section so long as you do not own, directly or indirectly, more than five percent (5%) of the securities of such corporation.

19.5. Relief. You agree that damages alone cannot adequately compensate us if there is a violation of these noncompetitive covenants and that injunctive relief is essential for our protection. You therefore agree that in case of your alleged breach or violation of this Section, we may seek injunctive relief, in addition to all other remedies that may be available to us at equity or law. You agree that we are not required to show any actual or threatened harm and that we are not required to furnish a bond or other security. In addition, if you violate the non-competition restriction herein, the period of time during which the restriction will remain in effect and be extended until two (2) years after you cease violating the restriction.

## **20. ENFORCEMENT**

20.1. Injunctive Relief/Attorneys' Fees. We and you will each be entitled to the entry of temporary restraining orders and temporary and permanent injunctions to (i) enforce your and our rights to terminate this Agreement for the causes set forth in Paragraphs 15 and 16 of this Agreement and (ii) prevent or remedy a breach of this Agreement if that breach could materially impair the goodwill associated with our or your business, including but not limited to, the enforcement of obligations upon termination of this Agreement and the enforcement of the non-compete provisions of this Agreement. You and we will also be entitled to the entry of temporary restraining orders and temporary and permanent injunctions enforcing these provisions. If we are successful in obtaining an injunction, or any other judicial relief or order from an arbitrator against you, or in successfully defending any claim you have brought against us, you will pay us an amount equal to all of our costs of prosecuting and/or defending the action, including reasonable attorneys' fees, costs of investigation, court and arbitration costs, and other litigation or arbitration expenses and interest on such costs. Your and our respective rights to obtain injunctive or other equitable relief is in addition to any other right we or you may have under this Agreement. It will in no way limit or prohibit us from obtaining money damages from you if you breach this Agreement.

20.2. Mediation. Except where it is necessary for either you or us to obtain equitable relief to preserve the goodwill of our respective businesses (including, but not limited to, the enforcement of obligations upon termination of this Agreement and the covenants not to compete contained in this Agreement), you and we each agree to enter into mediation of all disputes involving this Agreement or any other aspect of the relationship between us, for a minimum of eight (8) hours, prior to initiating any legal action or arbitration against the other.

20.2.1. Upon written notice by either you or us, to the other, of your or our desire to mediate, the party receiving the notice will select an independent entity that provides mediation services to serve as mediator in the proceeding. If the party receiving the notice of intent to mediate does not name such an organization within ten (10) days from the date the notice of intention to mediate is received, then the other party may proceed as if this Section did not exist, or, at its option, make the selection of the organization to provide mediation services. If you or we select an organization that is unwilling to serve as mediator, then the other party may select the organization. Once the organization is designated and agrees to accept the appointment as mediator, the organization will be directed to schedule a mediation proceeding at a time mutually convenient to us and to you. The mediation will be held within thirty (30) days following receipt by the mediation organization of notification that its services are requested. If you and we cannot agree on a date for mediation, then the mediation organization will select a date it believes is reasonable for both of us, given all of the claimed conflicts in dates. The person actually mediating the dispute will be required to have at least ten (10) years of experience as either a franchisee or franchisor (or as an officer of such an entity) or in franchise law. You and we will equally share the cost of the mediator. The mediator will select the location for the mediation unless you and we both agree otherwise. The mediation will be held either virtually or, if in person, in Las Vegas, Nevada.

20.2.2. Except for the matters identified above where you or we are permitted to seek injunctive relief without first mediating the dispute, if either party initiates litigation or arbitration without complying with their obligation to mediate in accordance with this paragraph (unless the other party has failed to respond on a timely basis or has indicated it will not engage in mediation in accordance with the provisions of this Section), then upon petition of whichever of us has a lawsuit or arbitration proceeding brought against us, the court or arbitrator will dismiss the litigation or arbitration without prejudice, and award attorneys' fees and costs to the party seeking dismissal in an amount equal to the attorneys' fees and costs the party seeking dismissal incurred. If the court or arbitrator refuses for any reason to dismiss the action, then regardless of the outcome of the action, or of any award given in the action, the party initiating the litigation or arbitration will be responsible for all attorneys' fees and costs incurred throughout the litigation or arbitration by the other party as damages for failing to comply with the provisions of this Section.

20.3. Litigation or Arbitration.

20.3.1. During the pendency of any arbitration proceeding, you and we will fully perform the requirements of this Agreement.

20.3.2. All proceedings will be individual proceedings between you and us, and will not be conducted on a "class" basis, or include any other of our franchisees as named parties unless you and we each agree.

20.3.3. If, after either you or we institute a proceeding, one or the other asserts a claim, counterclaim or defense, the subject matter of which, under statute or current judicial decision, is non-arbitrable for public policy reasons, the party against whom the claim, counterclaim or defense is asserted may elect to proceed with the arbitration of all arbitrable claims, counterclaims or defenses or proceed to litigate all claims, counterclaims or defenses in a court having competent jurisdiction.

20.4. Waiver of Punitive Damages. We and you (and your owners and guarantors if applicable) agree to waive, to the fullest extent permitted by law, any right to, or claim for, any punitive or exemplary damages against the other and against any affiliates, owners, employees, or agents of the other and agree that in the event of a dispute between us, each of us will be limited to the recovery of any actual damages sustained by it.

20.5. Venue. We and you (and your owners and guarantors if applicable) each agree that if litigation is permitted under this Agreement, the sole forum for litigation arising under this Agreement, or any aspect of the relationship between us (even if additional parties are named as parties to that litigation) will be the state or federal courts of the county in which our principal office is located. The sole and exclusive venue for those actions shall be the United States District Court for the District of Nevada. You and we each waive any objection you or we may have to either the jurisdiction or the venue of such court (except to the extent jurisdiction is preempted by the arbitration provisions of this

Agreement), and you and we each consent to personal jurisdiction and venue in such court. However, if we are permitted to seek injunctive relief under this Agreement, we may, at our option, bring that action in the county in which your FunBox Business is located.

20.6. Jury Waiver. YOU AND WE EACH WAIVE THE RIGHT TO A TRIAL BY JURY. This waiver applies to all causes of action that are or might be included in any such action, including claims related to the enforcement or interpretation of this Agreement, allegations of state or federal statutory violations, fraud, misrepresentation or similar causes of action and it applies even if persons that are not a party to this Agreement are named as additional parties in the proceeding.

20.7. Waiver of Collateral Estoppel. The parties agree they should each be able to settle, mediate, litigate, arbitrate, or compromise disputes in which they are involved with third parties, without having those disputes directly affect the contract or relationship between us. We and you therefore each agree that a decision of an arbitrator or court of law to which one of us is not a party will not prevent the person that was a party to such action from making similar arguments, or taking similar positions, in any action between us. You and we therefore each waive the right to assert that principles of collateral estoppel prevent either you or us from raising any claim or defense in an action between us if either you or we lost a similar claim or defense in another action.

20.8. No Affiliate Liability. No past, present or future director, officer, employee, incorporator, member, partner, stockholder, subsidiary, affiliate, controlling party, entity under common control, ownership or management, vendor, service provider, agent, attorney or representative of ours or of any of our affiliates will have any liability for (i) any obligations or liabilities we have relating to or arising from this Agreement, or (ii) any claim against us based on, in respect of, or by reason of, the transactions contemplated in this Agreement. This provision will not, however, affect any right, duty or obligation of ours or yours, or of any guarantor of your obligations.

## **21. MISCELLANEOUS**

21.1. Unpaid Amounts. Any unpaid amounts owed by you to us or any of our affiliates including any Royalty Fee, advertising fees and product purchases will bear interest at the rate of one and one half percent (1.5%) per month or the maximum rate permitted by law, whichever is less. You must reimburse us and our affiliates for all costs incurred in the collection of unpaid amounts, including attorneys' fees.

21.2. Severability. All provisions of this Agreement are severable and this Agreement will be interpreted and enforced as if all completely invalid or unenforceable provisions were not contained herein and partially valid and enforceable provisions will be enforced to the extent valid and enforceable. You and we will substitute a valid and enforceable provision for any specification, standard, operating procedure, rule or other obligation of either of us, which is determined to be invalid or unenforceable and is not waived by the other party. Such modifications to this Agreement will be effective only in such jurisdiction and will be enforced as originally made and entered into in all other jurisdictions.

21.3. Cumulative Rights. Except as otherwise set forth in this Agreement, our and your rights under this Agreement are cumulative and no exercise or enforcement of any right or remedy under this Agreement will preclude the exercise or enforcement of any other right or remedy under this Agreement or which we or you are entitled by law to enforce.

21.4. No Implied Third-Party Beneficiaries. Except as explicitly provided to the contrary herein, nothing in this Agreement is intended or will be deemed to confer any rights or remedies on any person or legal entity other than you, your owner(s), us, and our affiliates.

21.5. Best Interests of System. Whenever we exercise a right and/or discretion to take or withhold an action, or to grant or decline to grant you a right to take or withhold an action, except as otherwise expressly provided in this Agreement, we can make our decision or exercise our discretion on the basis of our judgment of what is in our best interests. "Best interests" includes what we believe to be the best interests of the System at the time the decision is made or the right or discretion is exercised, even though (1) there may have been other alternative decisions or actions that could have been taken;

(2) our decision or the action taken promotes our own financial interest; or (3) our decision or the action may apply differently to different franchisees and/or to any FunBox business that we or our affiliates operate. In the absence of an applicable statute, we will have no liability to you for any such decision or action. If applicable law implies a covenant of good faith and fair dealing in this Agreement, we and you agree that the covenant will not imply any rights or obligations that are inconsistent with a fair construction of the terms of this Agreement.

21.6. Governing Law. Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Section 1051 et seq.) and the Federal Arbitration Act, this Agreement, the franchise relationship, and any disputes arising therefrom will be governed by the laws of the State of Nevada. You waive, to the fullest extent permitted by law, the rights and protections that might be provided through the laws of any state relating to franchises or business opportunities, other than those of the state in which your FunBox Business is located.

21.7. Disavowal of Oral Representations. You and we acknowledge that we want all terms of our business relationship to be defined in this written agreement, and that neither of us wants to enter into a business relationship with the other in which any terms or obligations are subject to any oral statements or in which oral statements serve as the basis for creating rights or obligations different than or supplementary to the rights and obligations as set forth in this Agreement. Therefore, you and we agree that this Agreement will supersede and cancel any prior and/or contemporaneous discussions between us. We each agree that we placed, and will place, no reliance on any such discussions. You agree that no representations have been made to you concerning this Agreement or the System other than as contained in this Agreement and in the Franchise Disclosure Document you received before you signed this Agreement (the “FDD”). You agree that no claims, representations or warranties of earnings, sales, profits, or success of your FunBox Business have been made to you other than as set forth in Item 19 of the FDD.

21.8. Approvals. Wherever our consent or approval is required in this Agreement, unless the provision specifically indicates otherwise, we have the right to withhold our approval in our discretion, for any reason, or for no reason. When the terms of this Agreement specifically require that we not unreasonably withhold our approval or consent, if you are in default or breach under this Agreement, any withholding of our approval or consent will be considered reasonable. Our approvals and consents will not be effective unless given in writing.

21.9. Interpretation. It is the desire and intent of you and us that the provisions of this Agreement be enforced to the fullest extent possible under the applicable laws and public policies. Therefore, if any provision of this Agreement is determined by a court or arbitrator to be invalid or unenforceable, that determination will apply only to the operation of that provision in the particular proceeding in which the determination is made. We and you agree that if any provision of this Agreement is capable of two (2) constructions, one of which would render the provision illegal or otherwise voidable or unenforceable and the other of which would render the provision valid and enforceable, the provision will have the meaning that renders it valid and enforceable. The language of all provisions of this Agreement will be construed simply according to its fair meaning and not strictly against you or us.

21.10. Waiver. Except as otherwise provided in this Section, neither of us will be deemed to have waived any obligation of the other, or to have agreed to any modification of this Agreement, unless we have done so in writing, and the writing is signed by the person giving the waiver or agreeing to the modification. However, you agree that you will give us immediate written notice of any claimed breach or violation of this Agreement as soon as possible after you have knowledge, or determine, or are of the opinion, that there has been a breach or violation by us of this Agreement. If you fail to give written notice to us of any claimed misrepresentation, violation of law, or breach of this Agreement within one (1) year from the date you have knowledge, determine, are of the opinion, or become aware of facts and circumstances reasonably indicating, that you may have a claim against us or against any of our affiliates under any state law, federal law, or common law, then the misrepresentation, violation of law, or breach will be considered to have been condoned, approved and waived by you, and you will be barred from

beginning any legal, arbitration, or other action against us or against our affiliates, or from instituting any counterclaim against us or our affiliates, for the misrepresentation, violation of law, or breach, or from using the alleged act or omission as a defense to any action we may maintain against you.

21.11. Time. Time is of the essence to this Agreement.

21.12. Counterparts. This Agreement may be signed in counterparts, each of which will be considered as an original.

21.13. Entire Agreement. The preambles are a part of this Agreement. This Agreement, together with its exhibits, constitutes the entire agreement between you and us with respect to your FunBox Business and any other aspect of the relationship we have with you, and cannot be amended except by a written agreement signed by you and us. This Agreement also supersedes all prior agreements and negotiations we have had with you related to your acquisition of this franchise or your and our rights and obligations. Nothing in this or in any related agreement, however, is intended to disclaim the representations we made to you in the FDD.

21.14. Headings and Terms. The headings of the Sections hereof are for convenience only and do not define, limit or construe the contents of such Sections. The term “you” as used herein is applicable to one or more persons, a corporation, a partnership or limited liability company, and each of their respective owners, as the case may be, and the singular usage includes the plural and the masculine and neuter usages include the other and the feminine. If more than one person executes this Agreement for you, then your obligations are joint and several.

21.15. Patriot Act. You represent and warrant that to your actual and constructive knowledge: (i) neither you (including your directors, officers and managers), nor any of your affiliates, or any funding source for your FunBox Business, are identified on the list at the United States Treasury’s Office of Foreign Assets Control (OFAC); (ii) neither you nor any of your affiliates are directly or indirectly owned or controlled by the government of any country that is subject to an embargo imposed by the United States government; (iii) neither you nor any of your affiliates are acting on behalf of the government of, or is involved in business arrangements or other transactions with, any country that is subject to such an embargo; (iv) neither you nor any of your affiliates are on the U.S. Department of Commerce Denied Persons, Entities and Unverified Lists, the U.S. Department of State’s Debarred Lists, or on the U.S. Department of Treasury’s Lists of Specialty Designated Nationals, Specialty Designated Narcotics Traffickers or Specialty Designated Terrorists, as such lists may be amended from time to time (collectively, the Lists); (v) neither you nor any of your affiliates, during the term of this Agreement, will be on any of the Lists; and (vi) during the term of this Agreement, neither you nor any of your affiliates will sell products, goods or services to, or otherwise enter into a business arrangement with, any person or entity on any of the Lists. You agree to notify us in writing immediately upon the occurrence of any act or event that would render any of these representations incorrect.

21.16. Personal Guaranty. All of your owners (if you are a corporation, partnership, limited liability company or partnership, or other entity) will sign the personal guaranty agreement in the form attached to this Agreement (the “Guaranty Agreement”). Any person or entity that at any time after the Effective Date of this Agreement becomes an owner of yours will, as a condition of becoming an owner, sign the Guaranty Agreement.

## **22. NOTICES**

Any and all notices required or permitted under this Agreement will be in writing and will be deemed to have been duly given upon the earlier of (i) when received (or first rejection); (ii) one (1) business day after placement with a reputable national overnight carrier; or (iii) three (3) business days after deposit (not including the day of deposit), if placed in the mail for delivery by certified mail, postage pre-paid, and, in the cases of clauses (ii) or (iii), addressed to the respective parties at the following addresses unless and until a different address has been designated by written notice to the other party:

Notice to us: FunBox Franchise, LLC

2510 East Sunset Road, Suite 5-400  
Las Vegas, NV 89120  
Attn: Laurence Hallier

Notice to You: See Rider

### **23. FORCE MAJEURE**

If the performance of any obligation by any party under this Agreement is prevented, hindered or delayed by reason of any natural disaster, strike, pandemic, lock-out or other industrial disturbance, war (declared or undeclared), riot, epidemic, fire or other catastrophe, act of any government or other third party or any other cause not within the control of the party affected thereby (a “Force Majeure” event) that cannot be overcome by reasonable commercial measures, the parties shall be relieved of their respective obligations (to the extent that the parties, having exercised best efforts, are prevented, hindered or delayed in such performance) during the period of such Force Majeure. The party whose performance is affected by an event of Force Majeure shall give prompt written notice of such Force Majeure event to the other party by setting forth the nature thereof and an estimate as to its duration. Your inability to obtain financing for any reason shall not constitute an event of Force Majeure.

### **24. ACKNOWLEDGEMENTS**

24.1. Independent Investigation. You acknowledge that you have conducted an independent investigation of the business franchised under this Agreement, and recognize that the business venture contemplated by this Agreement involves business risks and that its success will be largely dependent upon your ability as an independent businessperson.

24.2. Franchise Agreement. You acknowledge that you have received, read, and understood this Agreement and that we have fully and adequately explained the provisions of it to your satisfaction and that we have accorded you time and opportunity to consult with advisors of your own choosing about the potential benefits and risks of entering into this Agreement.

24.3. Other Franchises. You acknowledge that other franchisees of the System have or will be granted franchises at different times and in different situations, and further acknowledge that the provisions of such franchises may vary substantially from those contained in this Agreement. You also acknowledge that because complete and detailed uniformity under varying circumstances may not be practical, there may be variations we grant to our other locations (whether franchised, or centers that we or our affiliates operate), and you will not be entitled to require us to grant similar variations or privileges to you.

24.4. Statements, Promises and Assurances. By signing this Agreement, you acknowledge that neither we, FunBox Franchise, LLC, nor any of our officers, employees or agents (including any franchise broker) has made a statement, promise or assurance to you concerning any matter related to the franchise (including those regarding advertising, marketing, training, support service, assistance provided by us, and actual, average, projected or forecasted sales, revenues, income, profits or earnings of the franchise business) that is contrary to, or different from, the information contained in the FDD. Your decision to purchase the franchise has not been influenced by any oral representations, assurances, warranties, guarantees or promises whatsoever made by us or any of our officers, employees or agents (including any franchise broker), including as to the likelihood of success of the franchise.

24.5. Terrorism. By signing this Agreement, you acknowledge and warrant that neither you nor any of your employees, agents, or representatives, nor any other person or entity associated with you, is now, or has been: (i) a person or entity who assists, sponsors, or supports terrorists or acts of terrorism; or (ii) is owned or controlled by terrorists or sponsors of terrorism. You warrant that you are now, and have been, in compliance with U.S. anti-money laundering and counter-terrorism financing laws and regulations, and that any funds provided by you to the Franchisor were legally obtained in compliance with these laws. You further covenant that neither you nor any of your employees, agents, or representatives, nor any other person or entity associated with you, will, during the term of the

Franchise Agreement, become a person or entity described above or otherwise become a target of any anti-terrorism law.

**25. CERTIFICATION OF FRANCHISOR’S COMPLIANCE**

By signing this Agreement, Franchisee acknowledges the following:

INITIAL

25.1. Franchisee understands all the information in the Franchise Disclosure Document.

\_\_\_\_\_

25.2. Franchisee understands the success or failure of the FunBox Business will depend in large part upon Franchisee’s skills, abilities and efforts and those of the persons Franchisee employs, as well as many factors beyond Franchisee’s control such as weather, competition, interest rates, the economy, inflation, labor and supply costs, and the marketplace.

\_\_\_\_\_

25.3. That no person acting on Franchisor’s behalf made any statement or promise regarding the costs involved in operating a FunBox franchise that is not in the Disclosure Document or that is contrary to, or different from, the information in the Disclosure Document.

\_\_\_\_\_

25.4. That no person acting on Franchisor’s behalf made any claim or representation to Franchisee, orally, visually, or in writing, that contradicted the information in the Disclosure Document.

\_\_\_\_\_

25.5. That no person acting on Franchisor’s behalf made any statement or promise regarding the actual, average or projected profits or earnings, the likelihood of success, the amount of money Franchisee may earn, or the total amount of revenue a FunBox business will generate, that is not in the Disclosure Document or that is contrary to, or different from, the information in the Disclosure Document.

\_\_\_\_\_

25.6. That no person acting on Franchisor’s behalf made any statement or promise or agreement, other than those matters addressed in this Agreement, concerning advertising, marketing, media support, market penetration, training, support service, or assistance that is contrary to, or different from, the information contained in the Disclosure Document.

\_\_\_\_\_

25.7. Franchisee understands that this Agreement contains the entire agreement between Franchisor and Franchisee concerning the FunBox Business, which means that any oral or written statements not set out in this Agreement will not be binding. In deciding to enter into this Agreement, Franchisee is not relying on any statement, promise, claim, or representation not expressly set forth in this Agreement or in the Disclosure Document.

\_\_\_\_\_

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

**FunBox Franchise, LLC**

**FRANCHISEE: If a corporation, partnership, or limited liability company, print name of business entity on the line below:**

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

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

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

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

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

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

Notice Address: 2510 East Sunset Road, Suite 5-400, Las Vegas, NV 89120

Date: \_\_\_\_\_

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

\_\_\_\_\_

**If Franchisee is one or more individuals:**

\_\_\_\_\_

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

Date: \_\_\_\_\_

\_\_\_\_\_

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

Date: \_\_\_\_\_

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

\_\_\_\_\_

**ATTACHMENT A TO THE FRANCHISE AGREEMENT**

**FRANCHISE INFORMATION**

For: \_\_\_\_\_

1. Effective Date: \_\_\_\_\_
2. Franchisee: \_\_\_\_\_
3. Franchisee Owners' State(s) of Residence: \_\_\_\_\_
4. Type of FunBox Park:   \_\_\_ Outdoor                   \_\_\_ Indoor
5. State(s) in which the FunBox Business will be operated: \_\_\_\_\_
6. Franchised Location:

\_\_\_\_\_

If no location has been determined at the time this Franchise Agreement has been executed, then the Franchised Location shall be within the following area, provided the exact location shall be subject to our review and approval:

\_\_\_\_\_

If the above-named location specifies a location yet to be determined, we reserve the right to sell franchises, and grant territories to others who will operate FunBox Businesses in and around the above-described location. You may then be required to choose a final location outside of any territory given to any other franchisee, and that territory may be outside of the city or areas identified above. Should this happen, you would have to obtain our review and approval for a new location. Likewise, if you choose to move your final address at any time, or if the location set forth above, or any other location we agree upon, becomes unavailable for any reason, it is your obligation to select a new location, and to obtain our approval of that location before you acquire the site, or obtain any rights in the location.

7. Territory:
- \_\_\_\_\_
8. Ownership: Franchisee represents and warrants that any entity to which this Agreement will be transferred will have the initial ownership set forth below, and that no changes will be made in such ownership without the prior written approval of Franchisor:

Name	Address	Percentage Owned

9. Designated Principal: \_\_\_\_\_
10. Initial Franchise Fee: \_\_\_\_\_

11. Address for notice to you: \_\_\_\_\_

IN WITNESS WHEREOF, we and you have signed this Agreement as of the Effective Date set forth above.

Franchisor:

Franchisee:

FunBox Franchise, LLC

\_\_\_\_\_

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

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

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

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

Its: \_\_\_\_\_

Its: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

**ATTACHMENT B TO THE FRANCHISE AGREEMENT**

**PERSONAL GUARANTY**

In consideration of the execution of the Franchise Agreement (the “Agreement”) between FunBox Franchise, LLC (“we” or “us”) and \_\_\_\_\_ (the “Franchisee”), dated \_\_\_\_\_, and for other good and valuable consideration, the undersigned, for themselves, their heirs, successors, and assigns, do jointly, individually and severally hereby become surety and guarantor for the payment of all amounts and the performance of the covenants, terms and conditions in the Agreement, to be paid, kept and performed by the Franchisee, including without limitation the dispute resolution provisions of the Agreement.

Further, the undersigned, individually and jointly, hereby agree to be personally bound by each and every condition and term contained in the Agreement and agree that this Personal Guaranty will be construed as though the undersigned and each of them executed a Franchise Agreement containing the identical terms and conditions of the Agreement.

The undersigned waive (1) notice of demand for payment of any indebtedness or nonperformance of any obligations hereby guaranteed; (2) protest and notice of default to any party respecting the indebtedness or nonperformance of any obligations hereby guaranteed; and (3) any right they may have to require that an action be brought against the Franchisee or any other person as a condition of liability; and (4) notice of any changes permitted by the terms of the Agreement or agreed to by the Franchisee.

In addition, the undersigned hereby consents and agrees that: (1) the undersigned’s liability will not be contingent or conditioned upon our pursuit of any remedies against the Franchisee or any other person; (2) such liability will not be diminished, relieved or otherwise affected by the Franchisee’s insolvency, bankruptcy or reorganization, the invalidity, illegality or unenforceability of all or any part of the Agreement, or the amendment or extension of the Agreement with or without notice to the undersigned; and (3) this Personal Guaranty will apply in all modifications to the Agreement of any nature agreed to by Franchisee with or without the undersigned receiving notice thereof.

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

**PERSONAL GUARANTORS:**

\_\_\_\_\_  
Individually

\_\_\_\_\_  
Individually

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

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

**ATTACHMENT C TO THE FRANCHISE AGREEMENT**

**LEASE RIDER**

This Lease Rider is made and entered into as of \_\_\_\_\_ by and among FunBox Franchise, LLC, a Nevada limited liability company (“Franchisor”), \_\_\_\_\_, a \_\_\_\_\_ (“Tenant/Operator”) and \_\_\_\_\_, a \_\_\_\_\_ (“Landlord”).

**RECITALS**

Tenant/Operator and Landlord desire to enter into a lease (the “Lease”) pursuant to which Tenant/Operator will occupy and finish the premises located at \_\_\_\_\_ (the “Premises”) for use and operation of a FunBox Park (the “FunBox Park”) authorized under a Franchise Agreement to be executed between Franchisor and Tenant/Operator prior to the opening of the FunBox Park (the “Franchise Agreement”). As a condition to Franchisor's approval of the Premises as the location for the FunBox Park, the Tenant/Operator is required under the Franchise Agreement to execute this Lease Rider along with the Landlord and Franchisor.

NOW, THEREFORE, in consideration of the mutual undertakings and commitments set forth herein, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

(1) During the term of the Franchise Agreement, the Premises shall be used only for the operation of the FunBox Park.

(2) Landlord consents to Tenant/Operator's use and display of such proprietary marks (the "Proprietary Marks") and signs, decor items, color schemes, plans, specifications and related components of the FunBox system (the "System") as Franchisor has prescribed, and may in the future prescribe, for the FunBox Park. Landlord affirms that the Lease does not prohibit the service of any menu items of the current System, based on the menu provided to Landlord.

(3) Landlord agrees to send Franchisor conformed, legible copies of any and all letters and notices sent to Tenant/Operator pertaining to the Lease and the Premises at the same time that such letters and notices are sent to Tenant/Operator.

(4) Franchisor shall have the right, and Landlord consents to allow Franchisor, to enter the Premises during hours when the Premises is available for tenant entry to make any modification or alteration necessary to protect the FunBox Park, the System and Proprietary Marks or to cure any default under the Franchise Agreement, or under the Lease, without being guilty of trespass or any other crime or tort.

(5) In the event of Tenant/Operator's default under the Lease, Franchisor may, but has no obligation, to cure the default. Franchisor shall make this determination within thirty (30) days after Franchisor receives notice of the Lease default from Landlord. If Franchisor elects to cure the default, Franchisor shall cure the default within thirty (30) days of such election or, if the default cannot be reasonably cured within such thirty (30) day period, then Franchisor shall commence and proceed to act diligently to cure the default within such time as is reasonably necessary to cure the default.

(6) Franchisor has an option to acquire the FunBox Park from Tenant/Operator if the Franchise Agreement expires or terminates. If Franchisor exercises the option, it will notify Landlord when it notifies Tenant/Operator. If Franchisor so exercises its option, or makes a different arrangement with Tenant/Operator to acquire the FunBox Park, then Landlord shall permit Tenant/Operator to assign the Lease to Franchisor or to Franchisor's affiliated assignee or designee as successor-in-interest (“Successor”) to Tenant/Operator, which shall be obligated to assume Tenant/Operator's obligations under the Lease. Successor shall attorn to Landlord under the Lease and Landlord shall attorn to and

agree not to disturb the tenancy of Successor. In such event Successor shall assume Tenant/Operator's occupancy rights, rights under any renewal or purchase options, and the right to sublease the Premises, for the remainder of the term of the Lease including any applicable renewal periods.

(7) Landlord hereby consents to such assignment and agrees not to impose or assess any assignment fee or similar charge or increase or accelerate rent under the Lease in connection with such assignment or require Successor to pay any rent or other financial obligation of Tenant/Operator to Landlord arising prior to the assignment. Landlord agrees to look solely to the Tenant/Operator and its guarantors for any rents or other financial obligations owed to Landlord arising prior to such assignment. Landlord and Tenant/Operator acknowledge that Franchisor is not a party to the Lease and shall have no liability under the Lease, unless and until the Lease is assigned to, and assumed by Franchisor as Successor.

(8) Notwithstanding anything contained in this Lease Rider and in the Lease, Successor is expressly authorized, without the consent of the Landlord, to sublet the Leased Premises to an authorized System franchisee, provided such subletting is specifically subject to the terms of the Lease and further provided the franchisee expressly assumes in writing all obligations of the Lease. Franchisor agrees to notify Landlord as to the name of the franchisee within ten (10) business days after such subletting.

(9) Tenant/Operator shall not assign the Lease or renew or extend the term thereof without the prior written consent of Franchisor.

(10) Landlord and Tenant/Operator shall not amend or otherwise modify the Lease in any manner that could materially affect any of the foregoing without the prior written consent of Franchisor.

(11) This Lease Rider will supersede any conflicting terms of the Lease.

[Signatures on Following Page]

IN WITNESS WHEREOF, the parties have executed this Lease Rider as of the date first above written.

**FRANCHISOR**

FunBox Franchise, LLC

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

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

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

**TENANT/OPERATOR**

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

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

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

**LANDLORD**

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

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

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

**EXHIBIT B**  
**FINANCIAL STATEMENTS**



# **FUNBOX FRANCHISE, LLC**

FINANCIAL STATEMENTS

WITH INDEPENDENT AUDITOR'S REPORT

December 31, 2023, AND 2022



**FUNBOX FRANCHISE, LLC**

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***Independent Auditor's Report***

To the Members  
FunBox Franchise, LLC  
Las Vegas, Nevada

***Opinion***

We have audited the accompanying financial statements of FunBox Franchise, LLC, which comprise the balance sheets as of December 31, 2023, and 2022, and the related statements of operations, member's equity, 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 FunBox Franchise, LLC as of December 31, 2023, and 2022, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 the Company and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Responsibilities of Management for the Financial Statements***

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company'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, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with 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 the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events considered in the aggregate that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Kezas & Dunlay

St. George, Utah  
March 19, 2024

**FUNBOX FRANCHISE, LLC**  
**BALANCE SHEETS**  
As of December 31, 2023 and 2022

<b>Assets</b>	<b>2023</b>	<b>2022</b>
Current assets		
Cash	\$ 112,341	335,884
Accounts receivable	465,495	-
Inventory	131,465	3,200
Deferred contract costs	574,773	107,500
Prepaid expenses	36,988	-
Total current assets	<u>1,321,062</u>	<u>446,584</u>
Property and equipment, net	62,113	-
Total assets	<u>\$ 1,383,175</u>	<u>\$ 446,584</u>
<b>Liabilities and Member's Deficit</b>		
Credit card payable	36,486	-
Deferred revenue	1,149,545	215,000
Total current liabilities	<u>1,186,031</u>	<u>215,000</u>
Loan from affiliate	430,360	237,147
Total long-term liabilities	<u>430,360</u>	<u>237,147</u>
Total liabilities	<u>1,616,391</u>	<u>452,147</u>
Member's deficit	(233,216)	(5,563)
Total liabilities and member's deficit	<u>\$ 1,383,175</u>	<u>\$ 446,584</u>

The accompanying notes are an integral part of these financial statements.

**FUNBOX FRANCHISE, LLC**  
**STATEMENTS OF OPERATIONS**  
For the years ended 2023 and 2022

	<b>2023</b>	<b>2022</b>
Franchise fees	\$ 1,060,219	\$ -
Royalty income	937,698	-
Product sales	503,037	-
Operating revenue	\$ 2,500,954	\$ -
Cost of goods sold		
Materials costs	\$ 527,158	\$ 5,470
Gross margin	1,973,796	(5,470)
Operating costs		
General and administrative	639,562	239,294
Salaries and wages	341,498	-
Commission expense	687,265	-
Advertising & marketing	303,153	93,781
Rent	77,437	10,647
Professional fees	187,780	16,295
Depreciation expense	8,235	-
Total operating expenses	2,244,930	360,017
Net loss	\$ (271,134)	\$ (365,487)

The accompanying notes are an integral part of these financial statements.

**FUNBOX FRANCHISE, LLC**  
**STATEMENTS OF CASH FLOWS**  
For the years ended 2023 and 2022

	<b>2023</b>	<b>2022</b>
Cash flows from operating activities:		
Net loss	\$ (271,134)	\$ (365,487)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation expenses	8,235	-
Changes in operating assets and liabilities:		
Accounts receivable	(465,495)	-
Inventory	(128,264)	(3,199)
Deferred contract costs	(467,273)	(107,500)
Prepaid expenses	(36,988)	-
Deferred revenue	934,545	215,000
Credit card payable	36,486	-
Net cash used by operating activities	(389,888)	(261,186)
Cash flows from investing activities		
Property and equipment	(70,349)	-
Net cash used by investing activities	(70,349)	-
Cash flows from financing activities		
Loan from affiliate	193,213	228,347
Member contributions	543,481	839,024
Member distributions	(500,000)	(479,040)
Net cash provided by financing activities	236,694	588,331
Net change in cash and cash equivalents	(223,543)	327,144
Cash and cash equivalents at beginning of period	335,884	8,740
Cash and cash equivalents at end of period	\$ 112,341	\$ 335,884
Supplemental disclosures of cash flow:		
Cash paid for interest and taxes	\$ -	\$ -

The accompanying notes are an integral part of these financial statements.

**FUNBOX FRANCHISE, LLC**  
**STATEMENTS OF MEMBER'S EQUITY**  
For the years ended 2023 and 2022

Balance at January 1, 2022	\$	(60)
Member distributions		(479,040)
Member contributions		839,024
Net loss		(365,487)
Balance at December 31, 2022	<u>\$</u>	<u>(5,563)</u>
Member distributions		(500,000)
Member contributions		543,481
Net loss		(271,134)
Balance at December 31, 2023	<u>\$</u>	<u>(233,216)</u>

The accompanying notes are an integral part of these financial statements.

FUNBOX FRANCHISE, LLC  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2023 AND 2022

(1) Nature of Business and Summary of Significant Accounting Policies

*(a) Nature of Business*

FunBox Franchise, LLC (the “Company”) was formed on March 15, 2021, as FunBox Franchise, LLC in the state of Nevada as a limited liability company for the principal purpose of conducting franchise sales, marketing, and management. The Company grants qualified franchisees the right to own and operate a large outdoor bounce park. Although the Company was formed in 2021, they did not begin franchising operations until 2022.

The company uses the accrual basis of accounting, and their accounting period is the 12-month period ending December 31 of each year.

*(b) Accounting Standards Codification*

The Financial Accounting Standards Board (“FASB”) has issued the FASB Accounting Standards Codification (“ASC”) that became the single official source of authoritative U.S. generally accepted accounting principles (“GAAP”), other than guidance issued by the Securities and Exchange Commission (SEC), superseding existing FASB, American Institute of Certified Public Accountants, emerging Issues Task Force, and related literature. All other literature is not considered authoritative. The ASC does not change GAAP; it introduces a new structure that is organized in an accessible online research system.

*(c) Use of Estimates*

The preparation of financial statements in conformity with generally accepted accounting principles accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures. Actual results could differ from those estimates.

*(d) Reclassification*

Certain items in the prior year have been reclassified to conform to the current year’s presentation.

*(e) Cash and Cash Equivalents*

Cash equivalents include all highly liquid investments with maturities of three months or less at the date of purchase. As of December 31, 2023, and 2022, the Company had cash and cash equivalents of \$112,341 and \$335,884.

*(f) Accounts Receivable*

Accounts receivable are recorded for amounts due based on the terms of executed franchise agreements for franchise sales, royalty fees, and upon provision/shipment and invoicing of services or products from the Company’s offices. Accounts receivable are recorded at the invoiced amount and do not bear interest although a finance charge may be applied to such receivables that are past the due date. The allowance for doubtful accounts is the Company’s best estimate of the amount of probable credit losses in the Company’s existing accounts receivable. The Company determines the allowance based on historical collections, customers’ current creditworthiness, age of the receivable balance both individually and in the aggregate, and general economic conditions that may affect the customer’s ability to pay. All account balances are reviewed on an individual basis. Account balances are charged off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote. When recoveries of receivables previously charged off are made, they are recognized as income when payment is received. The Company concluded that all of the receivables were fully collectible as of December 31, 2023, and 2022; consequently, no allowance for doubtful accounts has been established. Accounts receivable as of December 31, 2023, and 2022 were \$465,495 and \$0, respectively.

FUNBOX FRANCHISE, LLC  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2023 AND 2022

*(g) Inventory*

Inventory consists of bounce house materials such as socks, banners, flags, etc. and is measured at the lower of cost or net realizable value. The cost of inventory is determined based on the first-in, first out method. Inventory as of December 31, 2023, and 2022 was \$131,465 and \$3,200, respectively.

*(h) Property and Equipment*

Property and equipment are stated at historical cost and are depreciated using the straight-line method over the estimated useful lives of related assets. The useful lives generally range 5-7 yrs.

*(i) Long Lived Assets*

Long-lived assets, such as property and equipment, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized for the difference between the carrying amount of the asset and the fair value of the asset.

*(j) Revenue Recognition*

The Company's revenues consist of fees from franchised locations operated by conventional franchisees. Revenues from franchisees consist of initial franchise fees and royalties based on a percentage of gross revenues.

On January 1, 2021, the Company adopted ASC 606, *Revenue from Contracts with Customers* using the modified retrospective method. This method allows the standard to be applied retrospectively through a cumulative catch-up adjustment recognized upon adoption. As such, comparative information in the Company's financial statements has not been restated and continues to be reported under the accounting standards in effect for those periods. Management determined that the effect of adopting ASC 606 did not have a material effect on the Company's financial statements.

ASC 606 provides that revenues are to be recognized when control of promised goods or services is transferred to a customer in an amount that reflects the considerations expected to be received for those goods or services. In implementing ASC 606, the Company evaluated all revenue sources using the five-step approach: identify the contract, identify the performance obligations, determine the transaction price, allocate the transaction price, and recognize revenue.

For each franchised location, the Company enters into a formal franchise agreement that clearly outlines the transaction price, which includes an initial franchise fee, ongoing royalties, and the Company's performance obligations.

Upon evaluation of the five-step process, the Company has determined that this standard does not impact the recognition of royalties, which are based on a percentage of gross revenue and recognized at the time the underlying sales occur. ASC 606 does have an effect on the process management uses to evaluate the recognition of the initial franchise fees and equipment package fees.

In allocating the transaction price and recognizing the revenue associated with initial franchise fees, the Company has elected to adopt the practical expedient for private company franchisors outlined in ASC 952-606, *Franchisors—Revenue from Contracts with Customers*. The practical expedient allows franchisors to account for pre-opening services as a single distinct performance obligation. These pre-opening services include the following:

FUNBOX FRANCHISE, LLC  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2023 AND 2022

- Assistance in the selection of a site
- Assistance in obtaining facilities and preparing the facilities for their intended use, including related financing, architectural, and engineering services, and lease negotiation
- Training of the franchisee's personnel or the franchisee
- Preparation and distribution of manuals and similar material concerning operations, administration, and record keeping
- Bookkeeping, information technology, and advisory services, including setting up the franchisee's records and advising the franchisee about income, real estate, and other taxes about local regulations affecting the franchisee's business
- Inspection, testing, and other quality control programs

*(k) Income Taxes*

The Company is structured as a limited liability company under the laws of the state of Nevada. Accordingly, the income or loss of the Company will be included in the income tax returns of the members. Therefore, there is no provision for federal or state income taxes.

The Company follows the guidance under Accounting Standards Codification ("ASC") Topic 740, Accounting for Uncertainty in Income Taxes. ASC Topic 740 prescribes a more-likely-than-not measurement methodology to reflect the financial statement impact of uncertain tax positions taken or expected to be taken in the tax return. If the taxing authorities were to disallow any tax positions taken by the Company, additional income taxes, if any, would be imposed on the member rather than the Company. Accordingly, there would be no effect on the Company's financial statements.

The Company's income tax returns are subject to examination by taxing authorities for a period of three years from the date they are filed. As of December 31, 2023, the 2022 tax year was subject to examination.

*(l) Advertising Costs*

The Company expenses advertising costs as incurred. Advertising expenses for the period ending December 31, 2023, and 2022 were \$303,153 and \$93,781 respectively.

*(m) Financial Instruments*

For certain of the Company's financial instruments, including cash and cash equivalents, accounts receivable, and accounts payable, the carrying amounts approximate fair value due to their short maturities. The amounts shown for notes payable also approximate fair value because current interest rates and terms offered to the Company for similar debt are substantially the same.

*(n) Concentration of Risk*

The Company maintains its cash in bank deposit accounts that at times may exceed federally insured limits. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant credit risks on cash or cash equivalents.

FUNBOX FRANCHISE, LLC  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2023 AND 2022

(2) Property and Equipment

Property and equipment consist of the following as of December 31, 2023, and 2022:

	2023	2022
Vehicles	\$ 38,152	\$ -
Furniture & fixtures	5,191	-
Improvements	10,468	-
Tools, machinery, and equipment	16,537	-
Less: Accumulated depreciation	(8,235)	-
Property and equipment, net	\$ 62,113	\$ -

Depreciation expense for the years ended December 31, 2023, and 2022 was \$8,235 and \$0 respectively.

(3) Franchise Agreements

The Company's franchise agreements generally provide for a payment of initial franchise fees as well as continuing royalty fees to the Company based on a percentage of sales. Under the franchise agreement, franchisees are granted the right to operate a location using the FunBox system for a period of five years. Under the Company's revenue recognition policy, franchise fees and any corresponding commissions are recognized when the franchisee begins operations. For any franchisees that have not met the criteria for revenue recognition as of year-end, the Company defers both the revenues and commissions. All locations that are expected to begin operations within the following year are categorized as current, while all others are classified as non-current.

The Company has estimated the following current and non-current portions of deferred contract costs as of December 31, 2023, and 2022:

	2023	2022
Deferred contract costs, current	\$ 574,773	\$ 107,500
Deferred contract costs, non-current	-	-
	\$ 574,773	\$ 107,500

The Company has estimated the following current and non-current portions of deferred revenue as of December 31, 2023, and 2022:

	2023	2022
Deferred revenue, current	\$ 1,149,545	\$ 215,000
Deferred revenue, non-current	-	-
	\$ 1,149,545	\$ 215,000

(4) Related Party Transactions

The Company is related to Giant Inflatable Systems, LLC by common ownership. The Company received cash inflows and paid expenses on behalf of Giant Inflatable Systems, LLC. The net cash inflows from Giant Inflatables were converted to an owner contribution in the amount of \$1,382,505, and \$839,024 as of December 31, 2023, and 2022 respectively. Additionally, Hallier Investments, LLC, an affiliate entity, made advances and paid expenses on behalf of the Company. As of December 31, 2023, and 2022, the loan payable to Hallier Investments LLC, was \$430,360 and \$237,147, respectively. The loan from Hallier Investments, LLC bears no interest and there is no payment plan in place for repayment of the loan.

During the year 2023, the Company sold franchise materials to Hallier Investments for a total of \$101,800. This amount is included in Franchise Materials Income and represents 20% of the \$503,037 total revenue.

FUNBOX FRANCHISE, LLC  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2023 AND 2022

(5) Commitments and Contingencies

The Company may be subject to various claims, legal actions and complaints arising in the ordinary course of business. In accounting for legal matters and other contingencies, the Company follows the guidance in ASC Topic 450 Contingencies, under which loss contingencies are accounted for based upon the likelihood of incurrance of a liability. If a loss contingency is "probable" and the amount of loss can be reasonably estimated, it is accrued. If a loss contingency is "probable" but the amount of loss cannot be reasonably estimated, disclosure is made. If a loss contingency is "reasonably possible," disclosure is made, including the potential range of loss, if determinable. Loss contingencies that are "remote" are neither accounted for nor disclosed.

In the opinion of the management, all matters of this kind, or involving such amounts of unfavorable disposition, if any, would not have a material effect on the financial position of the Company.

(6) Subsequent Events

Management has reviewed and evaluated subsequent events through March 19, 2024, the date on which the financial statements were issued.

**EXHIBIT C**

**LIST OF CURRENT AND FORMER FRANCHISEES**

**LIST OF FRANCHISEES AS OF DECEMBER 31, 2023**

<b><u>Name</u></b>	<b><u>Address</u></b>	<b><u>Email</u></b>
Aaron Porter	700 N. Dobson Rd., Unit 6, Chandler, AZ 85224	Aaron.p@funbox.com
Michael Bolbach	7330 93rd Street, Scottsdale, AZ 85258	mb@funbox.com
Erin & Dan Sloan	400 South Baldwin Avenue, Arcadia, CA 91007	erin.s@funbox.com
Shannon & Ian Nouget	23203 Avenida De La Carlota, Laguna Hills, CA 92653	ian.n@funbox.com
Zubair Malakzay, Shoaib Mahmood & Massad Saeed	1 Stoneridge Mall Road, Pleasanton, CA 94588	massad@funbox.com
David Peckerman & Todd Stock	10300 Southside Blvd, Jacksonville, FL 32256	david.p@funbox.com
Debbie & Brandon Vaughan	2929 Turner Hill Road, Stonecrest, GA 30038	debbie.v@funbox.com
Devang Kothari (x3)	4905 Old Orchard Center, Skokie, IL 60077	devang.k@funbox.com
Jessica Bolbach	769 Iyannough Rd, Hyannis, MA 02601	jessica.b@funbox.com
Jenn & Kyle McElhaney (x2)	18 S. Country Center Way, St. Louis, MO 63129	kyle.m@funbox.com
Mike Smyre	8111 Concord Mills Blvd, Concord, NC 28027	mike.s@funbox.com
Mustafa Saleemi (x3)	300 Aquarium Drive, Jenks, OK 74037	mustafa.s@funbox.com
Mark Flood	2901 South Capital of Texas Hwy, Austin, TX 78746	mark.f@funbox.com
George Tadros	3000 Grapevine Mills Pkwy., Grapevine TX 76051	george.t@funbox.com
Haroon Saleemi	5000 Katy Mills Circle, Katy, TX 77494	haroon.s@funbox.com
Fouad Hassan	4815 Saguaro Ridge, McKinney, TX 75070	okc@funbox.com
Andrea Morris and Kevin Morris	1412 Bradford Rd., Virginia Beach, VA 23455	kevin.m@funbox.com

**LIST OF FRANCHISEES WHO HAVE SIGNED FRANCHISE AGREEMENTS BUT ARE  
NOT YET OPEN AS OF DECEMBER 31, 2023**

<b><u>Name</u></b>	<b><u>Address</u></b>	<b><u>Email</u></b>
Dan Palmer (x2)	6555 East Southern Avenue, Mesa, AZ 85206	palmer@funbox.com
Michael Bolbach	7330 93rd Street, Scottsdale, AZ 85258	mb@funbox.com
Kyle Malony	TBD	k.malony@funbox.com
Zubair Malakzay, Shoaib Mahmood & Massad Saeed	1 Stoneridge Mall Road, Pleasanton, CA 94588	massad@funbox.com
Sean Robinson	1852 Harris School Rd., Rineyville, KY40162	s.robinson@funbox.com
Anum & Fouad Hassan (x2)	3301 West Main Street, Norman, OK 73072	fouad@funbox.com
Zach Hawkins	TBD	Zach.h@funbox.com

**LIST OF FORMER FRANCHISEES**

<b><u>Name</u></b>	<b><u>Address</u></b>	<b><u>Email</u></b>
Garrett Lowry & Evans Swan (x2)	8401 Park Meadows Center Drive, Lone Tree, CO 80124	garrett.l@funbox.com
Michelle Coppola	1151 Galleria Blvd., Roseville, CA 95678	michelle@funbox.com
Stacie & Randall Henderson, Blake & Riki Sanford (x2)	575 East University Parkway, Orem, UT 84097	randall.h@funbox.com

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

**EXHIBIT D**

**LIST OF STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS**

We may register this Disclosure Document in some or all of the following states in accordance with the applicable state law. If and when we pursue franchise registration, or otherwise comply with the franchise investment laws, in these states, the following are the state administrators responsible for the review, registration, and oversight of franchises in each state and the state offices or officials that we will designate as our agents for service of process in those states:

<b>State</b>	<b>State Administrator</b>	<b>Agent for Service of Process (if different from State Administrator)</b>
California	Commissioner of Financial Protection and Innovation Department of Financial Protection and Innovation 2101 Arena Boulevard Sacramento, CA 95834 866-275-2677	
Hawaii	Department of Commerce and Consumer Affairs Business Registration Division Commissioner of Securities P.O. Box 40 Honolulu, HI 96810 808-586-2722	Commissioner of Securities Department of Commerce and Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, HI 96813
Illinois	Franchise Bureau Office of Attorney General 500 South Second Street Springfield, IL 62706 217-782-4465	
Indiana	Franchise Section Indiana Securities Division Secretary of State Room E-111 302 W. Washington Street Indianapolis, IN 46204 317-232-6681	
Maryland	Office of the Attorney General Division of Securities 200 St. Paul Place Baltimore, MD 21202-2020 410-576-6360	Maryland Commissioner of Securities 200 St. Paul Place Baltimore, MD 21202-2020
Michigan	Michigan Attorney General's Office Consumer Protection Division Attn: Franchise Section 525 W. Ottawa Street Williams Building, 1 <sup>st</sup> Floor Lansing, MI 48933 517-373-7117	

Minnesota	Minnesota Department of Commerce Securities-Franchise Registration 85 7 <sup>th</sup> Place East, Suite 280 St. Paul, MN 55101-2198 651-539-1600	Commissioner of Commerce Minnesota Department of Commerce 85 7 <sup>th</sup> Place East, Suite 280 St. Paul, MN 55101-2198 651-539-1600
New York	NYS Department of Law Investor Protection Bureau 28 Liberty St., 21 <sup>st</sup> Floor New York, NY 10005 212-416-8222	Secretary of State 99 Washington Avenue Albany, NY 12231
North Dakota	North Dakota Securities Department 600 East Boulevard Ave. State Capital 5 <sup>th</sup> Floor, Dept. 414 Bismarck, ND 58505-0510 701-328-4712	Securities Commissioner North Dakota Securities Department 600 East Boulevard Ave. State Capital 5 <sup>th</sup> Floor, Dept. 414 Bismarck, ND 58505-0510 701-328-4712
Rhode Island	Department of Business Regulation Securities Division 1511 Pontiac Avenue John O. Pastore Complex-69-1 Cranston, RI 02920-4407 401-462-9527	
South Dakota	Division of Insurance Securities Regulation 124 South Euclid, Suite 104 Pierre, SD 57501-3185 605-773-3563	Director of Division of Insurance 124 South Euclid, Suite 104 Pierre, SD 57501-3185 605-773-3563
Virginia	State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9 <sup>th</sup> Floor Richmond, VA 23219 804-371-9051	Clerk of the State Corporation Commission 1300 East Main Street, 1 <sup>st</sup> Floor Richmond, VA 23219
Washington	Department of Financial Institutions Securities Division P.O. Box 9033 Olympia, WA 98507 360-902-8760	Department of Financial Institutions Securities Division 150 Israel Rd SW Tumwater, WA 98501 360-902-8760
Wisconsin	Division of Securities Department of Financial Institutions P.O. Box 1768 Madison, WI 53701 608-266-2801	Securities and Franchise Registration Wisconsin Securities Commission 201 West Washington Ave., Suite 300 Madison, WI 53703

**EXHIBIT E**  
**OPERATIONS MANUAL TABLE OF CONTENTS**



**FUNBOX**  
**FRANCHISE OPERATIONS MANUAL**  
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**EXHIBIT F**

**STATE ADDENDA AND AGREEMENT RIDERS**

**STATE ADDENDA AND AGREEMENT RIDERS**

**ADDENDUM TO FRANCHISE AGREEMENT, SUPPLEMENTAL AGREEMENTS,  
AND FRANCHISE DISCLOSURE DOCUMENT FOR CERTAIN STATES FOR  
FUNBOX FRANCHISE, LLC**

The following modifications are made to FunBox Franchise, LLC (“Franchisor,” “us,” “we,” or “our”) Franchise Disclosure Document (“FDD”) given to franchisee (“Franchisee,” “you,” or “your”) and may supersede certain portions of the Franchise Agreement between you and us dated \_\_\_\_\_ (“Franchise Agreement”). When the term “Franchisor’s Choice of Law State” is used, it means Nevada.

Certain states have laws governing the franchise relationship and franchise documents. Certain states require modifications to the FDD, Franchise Agreement and other documents related to the sale of a franchise. This State-Specific Addendum (“State Addendum”) will modify these agreements to comply with the state’s laws. The terms of this State Addendum will only apply if you meet the requirements of the applicable state independently of your signing of this State Addendum. The terms of this State Addendum will override any inconsistent provision of the FDD, Franchise Agreement or any Supplemental Documents. This State Addendum only applies to the following states: California, Hawaii, Illinois, Iowa, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Ohio, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

If your state requires these modifications, you will sign this State Addendum along with the Franchise Agreement and any Supplemental Agreements.

## **CALIFORNIA**

The California Franchise Investment Law requires a copy of all proposed agreements relating to the sale of the Franchise be delivered together with the FDD.

California Corporations Code Section 31125 requires us to give to you a FDD approved by the Department of Financial Protection and Innovation before we ask you to consider a material modification of your Franchise Agreement.

The Franchise Agreement, and if applicable, the Supplemental Agreements, require mediation, arbitration and/or litigation with the costs being awarded to the prevailing party. The arbitration will occur in Nevada. 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 or Supplemental Agreements restricting venue to a forum outside the State of California. The Franchise Agreement, and if applicable, the Supplemental Agreements, contain a mediation provision. If so, the parties shall each bear their own costs of mediation and shall share equally the filing fee and the mediator's fees.

The Franchise Agreement and Supplemental Agreements require the application of the law of Nevada. This provision may not be enforceable under California law.

Neither Franchisor nor any other person listed in Item 2 of the FDD is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such persons from membership in such association or exchange.

California Business and Professions Code Sections 20000 through 20043 provide rights to you concerning termination, transfer, or non-renewal of a franchise. If the Franchise Agreement or Supplemental Agreements contain a provision that is inconsistent with the California Franchise Relations Act, the California Franchise Relations Act Law will control.

The Franchise Agreement and Supplemental Agreements provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. SEC. 101 et seq.).

The Franchise Agreement contains, and if applicable, the Supplemental Agreements contain, a covenant not to compete which extends beyond the termination of the Franchise. This provision may not be enforceable under California law.

Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable. Any such provisions contained in the Franchise Agreement or Supplemental Agreements may not be enforceable.

You must sign a general release of claims if you renew or transfer your Franchise. California Corporations Code Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 31000 through 31516). Business and Professions Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 through 20043).

The Antitrust Law Section of the Office of the California Attorney General views certain maximum and minimum price agreements as per se violations of the Cartwright Act.

Item 6 of the FDD is amended to state the highest interest rate allowed by law in California is 10% annually.

Our website has not been reviewed or approved by the California Department of Financial Protection and Innovation. Any complaints concerning the content of this website may be directed to the California Department of Financial Protection and Innovation at [www.dfpi.ca.gov](http://www.dfpi.ca.gov).

## HAWAII

The following is added to the Cover Page:

**THIS FRANCHISE WILL BE/HAS BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED IN THIS FRANCHISE DISCLOSURE DOCUMENT IS TRUE, COMPLETE AND NOT MISLEADING.**

**THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO YOU OR SUBFRANCHISOR AT LEAST SEVEN (7) DAYS PRIOR TO THE EXECUTION BY YOU OR SUBFRANCHISOR OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN (7) DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY YOU, WHICHEVER OCCURS FIRST, A COPY OF THE FRANCHISE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.**

**THIS FRANCHISE DISCLOSURE DOCUMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH US AND YOU.**

Registered agent in the state authorized to receive service of process:

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

The status of the Franchisor's franchise registrations in the states which require registration is as follows:

1. States in which this proposed registration is effective are listed on the third page of the FDD on the page entitled, "State Effective Dates."
2. States which have refused, by order or otherwise, to register these Franchises are:  
  
None
3. States which have revoked or suspended the right to offer the Franchises are:  
  
None

4. States in which the proposed registration of these Franchises has been withdrawn are:

None

## ILLINOIS

Sections 4 and 41 and Rule 608 of the Illinois Franchise Disclosure Act states that court litigation must take place before Illinois federal or state courts and all dispute resolution arising from the terms of this Agreement or the relationship of the parties and conducted through arbitration or litigation shall be subject to Illinois law. The FDD, Franchise Agreement and Supplemental Agreements are amended accordingly.

The governing law or choice of law clause described in the FDD and contained in the Franchise Agreement and Supplemental Agreements is not enforceable under Illinois law. This governing law clause shall not be construed to negate the application of Illinois law in all situations to which it is applicable.

Section 41 of the Illinois Franchise Disclosure Act states that “any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of this Act or any other law of this State is void.” The Franchise Agreement is amended accordingly. To the extent that the Franchise Agreement would otherwise violate Illinois law, such Agreement is amended by providing that all litigation by or between you and us, arising directly or indirectly from the Franchise relationship, will be commenced and maintained in the state courts of Illinois or, at our election, the United States District Court for Illinois, with the specific venue in either court system determined by appropriate jurisdiction and venue requirements, and Illinois law will pertain to any claims arising under the Illinois Franchise Disclosure Act.

Item 17.v, Choice of Forum, of the FDD is revised to include the following: “provided, however, that the foregoing shall not be considered a waiver of any right granted upon you by Section 4 of the Illinois Franchise Disclosure Act.”

Item 17.w, Choice of Law, of the FDD is revised to include the following: “provided, however, that the foregoing shall not be considered a waiver of any right granted upon you by Section 4 of the Illinois Franchise Disclosure Act.”

The termination and non-renewal provisions in the Franchise Agreement and the FDD may not be enforceable under Sections 19 and 20 of the Illinois Franchise Disclosure Act.

Under Section 705/27 of the Illinois Franchise Disclosure Act, no action for liability under the Illinois Franchise Disclosure Act can be maintained unless brought before the expiration of three (3) years after the act or transaction constituting the violation upon which it is based, the expiration of one (1) year after you become aware of facts or circumstances reasonably indicating that you may have a claim for relief in respect to conduct governed by the Act, or 90 days after delivery to you of a written notice disclosing the violation, whichever shall first expire. To the extent that the Franchise Agreement is inconsistent with the Illinois Franchise Disclosure Act, Illinois law will control and supersede any inconsistent provision(s).

## INDIANA

Item 8 of the FDD is amended to add the following:

Under Indiana Code Section 23-2-2.7-1(4), we will not accept any rebates from any person with whom you do business or associate in relation to transactions between you and the other person, other than for compensation for services rendered by us, unless the rebate is properly accounted for and submitted to you.

Item 17 of the FDD is amended to add the following:

Indiana Code 23-2-2.7-1(7) makes it unlawful for us to unilaterally terminate your Franchise Agreement unless there is a material violation of the Franchise Agreement and termination is not in bad faith.

Indiana Code 23-2-2.7-1(5) prohibits us to require you to agree to a prospective general release of claims subject to the Indiana Deceptive Franchise Practices Act.

The “Summary” column in Item 17.r. of the FDD is deleted and the following is inserted in its place:

No competing business for two (2) years within the Territory.

The “Summary” column in Item 17.t. of the FDD is deleted and the following is inserted in its place:

Notwithstanding anything to the contrary in this provision, you do not waive any right under the Indiana Statutes with regard to prior representations made by us.

The “Summary” column in Item 17.v. of the FDD is deleted and the following is inserted in its place:

Litigation regarding Franchise Agreement in Indiana; other litigation in Franchisor’s Choice of Law State. This language has been included in this Franchise Disclosure Document as a condition to registration. The Franchisor and the Franchisee do not agree with the above language and believe that each of the provisions of the Franchise Agreement, including all venue provisions, is fully enforceable. The Franchisor and the Franchisee intend to fully enforce all of the provisions of the Franchise Agreement and all other documents signed by them, including but not limited to, all venue, choice-of-law, arbitration provisions and other dispute avoidance and resolution provisions and to rely on federal pre-emption under the Federal Arbitration Act.

The “Summary” column in Item 17.w. of the FDD is deleted and the following is inserted in its place:

Indiana law applies to disputes covered by Indiana franchise laws; otherwise Franchisor’s Choice of Law State law applies.

Despite anything to the contrary in the Franchise Agreement, the following provisions will supersede and apply to all Franchises offered and sold in the State of Indiana:

1. The laws of the State of Indiana supersede any provisions of the FDD, the Franchise Agreement, or Franchisor’s Choice of Law State law, if such provisions are in conflict with Indiana law.
2. The prohibition by Indiana Code 23-2-2.7-1(7) against unilateral termination of the Franchise without good cause or in bad faith, good cause being defined under law as including any material

breach of the Franchise Agreement, will supersede the provisions of the Franchise Agreement relating to termination for cause, to the extent those provisions may be inconsistent with such prohibition.

3. Any provision in the Franchise Agreement that would require you to prospectively assent to a release, assignment, novation, waiver or estoppel which purports to relieve any person from liability imposed by the Indiana Deceptive Franchise Practices Law is void to the extent that such provision violates such law.
4. The covenant not to compete that applies after the expiration or termination of the Franchise Agreement for any reason is hereby modified to the extent necessary to comply with Indiana Code 23-2-2.7-1 (9).
5. The following provision will be added to the Franchise Agreement:

No Limitation on Litigation. Despite the foregoing provisions of this Agreement, any provision in the Agreement which limits in any manner whatsoever litigation brought for breach of the Agreement will be void to the extent that any such contractual provision violates the Indiana Deceptive Franchise Practices Law.

**IOWA**

Any provision in the Franchise Agreement or Compliance Questionnaire which would require you to prospectively assent to a release, assignment, novation, waiver or estoppel which purports to relieve any person from liability imposed by the Iowa Business Opportunity Promotions Law (Iowa Code Ch. 551A) is void to the extent that such provision violates such law.

The following language will be added to the Franchise Agreement:

**NOTICE OF CANCELLATION**

\_\_\_\_\_ (enter date of transaction)

You may cancel this transaction, without penalty or obligation, within three (3) business days from the above date. If you cancel, any property traded in, any payments made by you under the contract or sale, and any negotiable instrument executed by you will be returned within ten (10) business days following receipt by the seller of your cancellation notice, and any security interest arising out of the transaction will be cancelled.

If you cancel, you must make available to the seller at your residence or business address, in substantially as good condition as when received, any goods delivered to you under this contract or sale; or you may, if you wish, comply with the instructions of the seller regarding the return shipment of the goods at the seller's expense and risk.

If you do not agree to return the goods to the seller or if the seller does not pick them up within twenty (20) days of the date of your notice of cancellation, you may retain or dispose of the goods without any further obligation.

To cancel this transaction, mail or deliver a signed and dated copy of this cancellation notice or any other written notice to FunBox Franchise, LLC, 2510 East Sunset Road, Suite 5-400, Las Vegas, Nevada 89120 not later than midnight of the third business day after the Effective Date.

I hereby cancel this transaction.

Franchisee: \_\_\_\_\_

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

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

Its: \_\_\_\_\_

Date: \_\_\_\_\_

**MARYLAND**

**AMENDMENTS TO FRANCHISE DISCLOSURE DOCUMENT AND FRANCHISE AGREEMENTS**

Item 17 of the FDD, the Franchise Agreement is amended to state: “The general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.”

Item 17 of the FDD and sections of the Franchise Agreement is amended to state: “A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three (3) years after the grant of the Franchise.”

The Franchise Agreement and Franchise Disclosure Questionnaire are amended to state: “All representations requiring prospective franchisees to assent to a release, estoppel, or waiver of liability are not intended to, nor shall they act as, a release, estoppel, or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.”

The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under Federal Bankruptcy Law (11 U.S.C.A Sec. 101 et seq.).

**FRANCHISOR**

**FRANCHISEE**

**FUNBOX FRANCHISE, LLC**

\_\_\_\_\_

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

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

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

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

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

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

Date: \_\_\_\_\_

Date: \_\_\_\_\_

## MICHIGAN

**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.**

Each of the following provisions is void and unenforceable if contained in any documents relating to a franchise:

- (a) A prohibition on your right to join an association of franchisees.
- (b) A requirement that you assent to a release, assignment, novation, waiver, or estoppel which deprives you of rights and protections provided in this act. This shall not preclude you, after entering into a Franchise Agreement, from settling any and all claims.
- (c) A provision that permits us to terminate a Franchise prior to the expiration of its term except for good cause. Good cause shall include your failure 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 us to refuse to renew your Franchise without fairly compensating you by repurchase or other means for the fair market value at the time of expiration of your inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to us 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 five (5) years; and (ii) you are prohibited by the Franchise Agreement 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 you do not receive at least six (6) months' advance notice of our intent not to renew the Franchise.
- (e) A provision that permits us 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 the State of Michigan. This shall not preclude you from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.
- (g) A provision which permits us to refuse to permit a transfer of ownership of a Franchise, except for good cause. This subdivision does not prevent us 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 our then-current reasonable qualifications or standards.
  - (ii) the fact that the proposed transferee is a competitor of us or our subfranchisor.
  - (iii) the unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.

(iv) your or proposed transferee's failure to pay any sums owing to us or to cure any default in the Franchise Agreement existing at the time of the proposed transfer.

(h) A provision that requires you to resell to us items that are not uniquely identified with us. This subdivision does not prohibit a provision that grants to us 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 us the right to acquire the assets of a Franchise for the market or appraised value of such assets if you have breached the lawful provisions of the Franchise Agreement and have failed to cure the breach in the manner provided in subdivision (c).

(i) A provision which permits us to directly or indirectly convey, assign, or otherwise transfer our obligations to fulfill contractual obligations to you 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 ENDORSEMENT BY THE ATTORNEY GENERAL.**

Any questions regarding this notice should be directed to:

State of Michigan  
Department of Attorney General  
Consumer Protection Division  
Attn: Franchise  
670 Law Building  
525 W. Ottawa Street  
Lansing, Michigan 48913  
Telephone Number: (517) 373-7117

## MINNESOTA

Despite anything to the contrary in the Franchise Agreement, the following provisions will supersede and apply to all Franchises offered and sold in the State of Minnesota:

1. Any provision in the Franchise Agreement which would require you to assent to a release, assignment, novation or waiver that would relieve any person from liability imposed by Minnesota Statutes, Sections 80C.01 to 80C.22 will be void to the extent that such contractual provision violates such law.

2. Minnesota Statute Section 80C.21 and Minnesota Rule 2860.4400J prohibit the franchisor from requiring litigation to be conducted outside of Minnesota. In addition, nothing in the FDD or Franchise Agreement 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 Minnesota.

3. Minn. Rule Part 2860.4400J prohibits a franchisee from waiving his rights to a jury trial or waiving his rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction, or consenting to liquidated damages, termination penalties or judgment notes. Any provision in the Franchise Agreement which would require you to waive your rights to any procedure, forum or remedies provided for by the laws of the State of Minnesota is deleted from any agreement relating to Franchises offered and sold in the State of Minnesota; provided, however, that this paragraph will not affect the obligation in the Franchise Agreement relating to arbitration.

4. With respect to Franchises governed by Minnesota law, we will comply with Minnesota Statute Section 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 for non-renewal of the Franchise Agreement; and that consent to the transfer of the Franchise will not be unreasonably withheld.

5. Item 13 of the FDD is hereby amended to state that we will protect your rights under the Franchise Agreement to use the Marks, or indemnify you from any loss, costs, or expenses arising out of any third-party claim, suit or demand regarding your use of the Marks, if your use of the Marks is in compliance with the provisions of the Franchise Agreement and our System standards.

6. Minnesota Rule 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release. As a result, the FDD and the Franchise Agreement, which require you to sign a general release prior to renewing or transferring your Franchise, are hereby deleted from the Franchise Agreement, to the extent required by Minnesota law.

7. The following language will appear as a new paragraph of the Franchise Agreement:

No Abrogation. Pursuant to Minnesota Statutes, Section 80C.21, nothing in the dispute resolution section of this Agreement will in any way abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80.C.

8. Minnesota Statute Section 80C.17 states that no action for a violation of Minnesota Statutes, Sections 80C.01 to 80C.22 may be commenced more than three (3) years after the cause of action accrues. To the extent that the Franchise Agreement conflicts with Minnesota law, Minnesota law will prevail.

## 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, INVESTOR PROTECTION BUREAU, 28 LIBERTY STREET, 21<sup>ST</sup> FLOOR, NEW YORK, NY 10005, 212-416-8285. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.**

2. The following is added at the end of Item 3:

Except as provided above, with regard to 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 injunction or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of the “Summary” sections of Item 17(c), titled “**Requirements for Franchisee to renew or extend,**” and Item 17(m), entitled “**Conditions for Franchisor approval of transfer**”:

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

4. The following language replaces the “**Summary**” section of Item 17(d), titled “**Termination by Franchisee**”:

You may terminate the agreement on any grounds available by law.

5. The following is added to the end of the “Summary” sections of Item 17(v), titled “**Choice of Forum,**” and Item 17(w), titled “**Choice of Law**”:

The foregoing choice of law should not be considered a waiver of any right conferred upon the Franchisor or upon the Franchisee by Article 33 of the General Business Law of the State of New York.

## **NORTH DAKOTA**

Sections of the FDD, the Franchise Agreement, and the Supplemental Agreements requiring that you sign a general release, estoppel or waiver as a condition of renewal and/or assignment may not be enforceable as they relate to releases of the North Dakota Franchise Investment Law.

Sections of the FDD, the Franchise Agreement, and the Supplemental Agreements requiring resolution of disputes to be outside North Dakota may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Sections of the FDD, the Franchise Agreement, and the Supplemental Agreements relating to choice of law may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Any sections of the FDD, the Franchise Agreement, and the Supplemental Agreements requiring you to consent to liquidated damages and/or termination penalties may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Any sections of the FDD, the Franchise Agreement, and the Supplemental Agreements requiring you to consent to a waiver of trial by jury may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Any sections of the FDD, the Franchise Agreement, and the Supplemental Agreements requiring you to consent to a waiver of exemplary and punitive damages may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Item 17(r) of the FDD, Article 15.4 of the Franchise Agreement disclose the existence of certain covenants restricting competition to which Franchisee must agree. The Commissioner has held that covenants restricting competition contrary to Section 9-08-06 of the North Dakota Century Code, without further disclosing that such covenants may be subject to this statute, are unfair, unjust, or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. The FDD and the Franchise Agreement are amended accordingly to the extent required by law.

**OHIO**

The following language will be added to the front page of the Franchise Agreement:

You, the purchaser, may cancel this transaction at any time prior to midnight of the fifth business day after the date you sign this agreement. See the attached notice of cancellation for an explanation of this right.

Initials \_\_\_\_\_ Date \_\_\_\_\_

**NOTICE OF CANCELLATION**

\_\_\_\_\_ (enter date of transaction)

You may cancel this transaction, without penalty or obligation, within five (5) business days from the above date. If you cancel, any payments made by you under the agreement, and any negotiable instrument executed by you will be returned within ten (10) business days following the seller's receipt of your cancellation notice, and any security interest arising out of the transaction will be cancelled. If you cancel, you must make available to the seller at your business address all goods delivered to you under this agreement; or you may, if you wish, comply with the instructions of the seller regarding the return shipment of the goods at the seller's expense and risk. If you do make the goods available to the seller and the seller does not pick them up within 20 days of the date of your notice of cancellation, you may retain or dispose of them without further obligation. If you fail to make the goods available to the seller, or if you agree to return them to the seller and fail to do so, then you remain liable for the performance of all obligations under this agreement. To cancel this transaction, mail or deliver a signed and dated copy of this cancellation notice or any other written notice to FunBox Franchise, LLC, 2510 East Sunset Road, Suite 5-400, Las Vegas, Nevada 89120 not later than midnight of the fifth business day after the Effective Date.

I hereby cancel this transaction.

Franchisee:

Date: \_\_\_\_\_

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

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

Its: \_\_\_\_\_

## **RHODE ISLAND**

§ 19-28.1-14 of the Rhode Island Franchise Investment Act provides that “A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act.” The FDD, the Franchise Agreement, and the Supplemental Agreements are amended accordingly to the extent required by law.

The above language has been included in this FDD as a condition to registration. The Franchisor and the Franchisee do not agree with the above language and believe that each of the provisions of the Franchise Agreement and the Supplemental Agreements, including all choice of law provisions, are fully enforceable. The Franchisor and the Franchisee intend to fully enforce all of the provisions of the Franchise Agreement, the Supplemental Agreements, and all other documents signed by them, including but not limited to, all venue, choice-of-law, arbitration provisions and other dispute avoidance and resolution provisions and to rely on federal pre-emption under the Federal Arbitration Act.

## VIRGINIA

Item 17(h). The following is added to Item 17(h):

“Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to use undue influence to induce a franchisee to surrender any right given to him under the franchise. If any provision of the Franchise Agreement or Supplemental Agreements involve the use of undue influence by the Franchisor to induce a franchisee to surrender any rights given to franchisee under the Franchise, that provision may not be enforceable.”

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the FDD for FunBox Franchise, LLC for use in the Commonwealth of Virginia shall be amended as follows:

Additional Disclosure. The following statements are added to Item 8 and Item 17.h.

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the Franchise Agreement does not constitute “reasonable cause,” as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

**WASHINGTON ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT,  
FRANCHISE AGREEMENT, FRANCHISE DISCLOSURE QUESTIONNAIRE, AND  
RELATED AGREEMENTS**

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

**WISCONSIN**

The Wisconsin Fair Dealership Law, Chapter 135 of the Wisconsin Statutes supersedes any provision of the Franchise Agreement if such provision is in conflict with that law. The Franchise Disclosure Document, the Franchise Agreement and the Supplemental Agreements are amended accordingly.

*(Signatures on following page)*

**APPLICABLE ADDENDA**

If any one of the preceding Addenda for specific states (“Addenda”) is checked as an “Applicable Addenda” below, then that Addenda shall be incorporated into the Franchise Disclosure Document, Franchise Agreement and any other specified agreement(s) entered into by us and the undersigned Franchisee. To the extent any terms of an Applicable Addenda conflict with the terms of the Franchise Disclosure Document, Franchise Agreement and other specified agreement(s), the terms of the Applicable Addenda shall supersede the terms of the Franchise Agreement.

- |                          |            |                          |              |                          |              |
|--------------------------|------------|--------------------------|--------------|--------------------------|--------------|
| <input type="checkbox"/> | California | <input type="checkbox"/> | Michigan     | <input type="checkbox"/> | Rhode Island |
| <input type="checkbox"/> | Hawaii     | <input type="checkbox"/> | Minnesota    | <input type="checkbox"/> | South Dakota |
| <input type="checkbox"/> | Illinois   | <input type="checkbox"/> | New York     | <input type="checkbox"/> | Virginia     |
| <input type="checkbox"/> | Iowa       | <input type="checkbox"/> | North Dakota | <input type="checkbox"/> | Washington   |
| <input type="checkbox"/> | Indiana    | <input type="checkbox"/> | Ohio         | <input type="checkbox"/> | Wisconsin    |
| <input type="checkbox"/> | Maryland   |                          |              |                          |              |

Dated: \_\_\_\_\_

**FRANCHISOR:**

**FUNBOX FRANCHISE, LLC**

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

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

**FRANCHISEE:**

\_\_\_\_\_

\_\_\_\_\_

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

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

**EXHIBIT G**  
**SAMPLE GENERAL RELEASE**

In consideration of the agreement of FunBox Franchise, LLC (“Franchisor”) to allow \_\_\_\_\_ (“Franchisee”) to [RENEW OR TRANSFER] its Franchise Agreement dated \_\_\_\_\_ between Franchisee and Franchisor (“Agreement”), Franchisee hereby releases and forever discharges Franchisor, and its affiliates, as well as their members, directors, officers, employees and agents, in their corporate and individual capacities, and their respective heirs, personal representatives, successors and assigns, from any and all claims Franchisee may have against such parties known and unknown, foreseen and unforeseen, from all beginning of time to the date hereof, whether in law or in equity, including, but not limited to, any claims arising out of the offer or sale of any franchise to Franchisee, and any matters arising under the Agreement or under any other agreement between Franchisee and Franchisor or its affiliates. [FOR TRANSFERS: Further, Franchisee acknowledges that transfer of the Agreement shall terminate Franchisee’s interest in the Agreement, but Franchisee will continue to be bound by all post-termination provisions of the Agreement, including but not limited to the obligations of confidentiality, and the covenant not to compete contained in the Agreement.]

[IN CALIFORNIA: The foregoing release is intended as a general release of all claims, demands, actions, causes of action, obligations, damages and liabilities of any kind or nature whatsoever that relate to the matters recited therein, and is intended to encompass all known and unknown, foreseen and unforeseen claims which the releasing party may have against any party being released. Section 1542 of the California Civil Code provides:

A General Release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the Release, which if known by him might have materially affected his settlement with the debtor.

You expressly waive the provisions of Section 1542 of the California Civil Code and expressly release each party to be released from all liability or claims arising out of any matters recited in the release.]

FRANCHISEE:

\_\_\_\_\_

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

Its: \_\_\_\_\_

**EXHIBIT H**

**FRANCHISE COMPLIANCE CERTIFICATE**

**(This Compliance Certification will not be used if the franchise is to be operated in, or you are a resident of, California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, or Wisconsin)**

The purpose of this Franchise Compliance Certificate is to demonstrate to FunBox Franchise, LLC (“Franchisor”) that the person(s) signing below (“I,” “me” or “my”), whether acting individually or on behalf of any legal entity established to acquire the franchise rights, (a) fully understands that the purchase of a FunBox franchise is a significant long-term commitment, complete with its associated risks, and (b) is not relying on any statements, representations, promises or assurances that are not specifically set forth in Franchisor’s Franchise Disclosure Document and Exhibits (collectively, the “FDD”) in deciding to purchase the franchise.

In that regard, I represent to Franchisor and acknowledge that:

<p>I understand that buying a franchise is not a guarantee of success. Purchasing or establishing any business is risky, and the success or failure of the franchise is subject to many variables such as my skills and abilities (and those of my partners, officers, employees), the time my associates and I devote to the business, competition, interest rates, the economy, inflation, operation costs, location, lease terms, the marketplace generally and other economic and business factors. I am aware of and am willing to undertake these business risks. I understand that the success or failure of my business will depend primarily upon my efforts and not those of Franchisor.</p>	INITIAL:
<p>I received a copy of the FDD, including the Franchise Agreement, at least 14 calendar days before I executed the Franchise Agreement. I understand that all of my rights and responsibilities and those of Franchisor in connection with the franchise are set forth in these documents and only in these documents. I acknowledge that I have had the opportunity to personally and carefully review these documents and have, in fact, done so. I have been advised to have professionals (such as lawyers and accountants) review the documents for me and to have them help me understand these documents. I have also been advised to consult with other franchisees regarding the risks associated with the purchase of the franchise.</p>	INITIAL:
<p>Neither the Franchisor nor any of its officers, employees or agents (including any franchise broker) has made a statement, promise or assurance to me concerning any matter related to the franchise (including those regarding advertising, marketing, training, support service or assistance provided by Franchisor) that is contrary to, or different from, the information contained in the FDD.</p>	INITIAL:

My decision to purchase the franchise has not been influenced by any oral representations, assurances, warranties, guarantees or promises whatsoever made by the Franchisor or any of its officers, employees or agents (including any franchise broker), including as to the likelihood of success of the franchise.	INITIAL:
I have made my own independent determination as to whether I have the capital necessary to fund the business and my living expenses, particularly during the start-up phase.	INITIAL:

**SPECIAL REPRESENTATION REGARDING RECEIPT OF FINANCIAL INFORMATION.**

**PLEASE READ THE FOLLOWING QUESTION CAREFULLY. THEN SELECT YES OR NO AND PLACE YOUR INITIALS WHERE INDICATED.**

Have you received any information from the Franchisor or any of its officers, employees or agents (including any franchise broker) concerning actual, average, projected or forecasted sales, revenues, income, profits or earnings of the franchise business (including any statement, promise or assurance

Yes                       No                      (INSERT INITIAL HERE: \_\_\_\_\_)

If you selected “Yes,” please describe the information you received on the lines below:

**Prohibited Parties Clause.** I acknowledge that Franchisor, its employees and its agents are subject to U.S. laws that prohibit or restrict (a) transactions with certain parties, and (b) the conduct of transactions involving certain foreign parties. These laws include, without limitation, U.S. Executive Order 13224, the U.S. Foreign Corrupt Practices Act, the Bank Secrecy Act, the International Money Laundering Abatement and Anti-Terrorism Financing Act, the Export Administration Act, the Arms Export Control Act, the U.S. Patriot Act, and the International Economic Emergency Powers Act, and the regulations issued pursuant to these and other U.S. laws. As part of the express consideration for the purchase of the franchise, I represent that neither I nor any of my employees, agents, or representatives, nor any other person or entity associated with me, is now, or has been listed on:

1. the U.S. Treasury Department’s List of Specially Designated Nationals;
2. the U.S. Commerce Department’s Denied Persons List, Unverified List, Entity List, or General Orders;
3. the U.S. State Department’s Debarred List or Nonproliferation Sanctions; or
4. the Annex to U.S. Executive Order 13224.

I warrant that neither I nor any of my employees, agents, or representatives, nor any other person or entity associated with me, is now, or has been: (i) a person or entity who assists, sponsors, or supports terrorists or acts of terrorism; or (ii) is owned or controlled by terrorists or sponsors of terrorism. I warrant that I am now, and have been, in compliance with U.S. anti-

money laundering and counter-terrorism financing laws and regulations, and that any funds provided by me to Franchisor were legally obtained in compliance with these laws.

I further covenant that neither I nor any of my employees, agents, or representatives, nor any other person or entity associated with me, will, during the term of the Franchise Agreement, become a person or entity described above or otherwise become a target of any anti-terrorism law.

Special note for residents of the States of Illinois or Maryland and business located in Illinois or Maryland: Nothing in this Compliance Questionnaire shall act as a release, estoppel, or waiver of any liability incurred under the Illinois Franchise Disclosure Act and/or Maryland Franchise Registration and Disclosure Law.

*[Signatures on following page]*

**I. FRANCHISEE:**

Sign here if you are taking the franchise as an INDIVIDUAL(S).  
(NOTE: Use these blocks if you are an individual or a partnership but the partnership is not a separate legal entity.)

\_\_\_\_\_  
Signature

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

Date: \_\_\_\_\_

\_\_\_\_\_  
Signature

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

Date: \_\_\_\_\_

Sign here if you are taking the franchise as a CORPORATION, LIMITED LIABILITY COMPANY OR PARTNERSHIP.

\_\_\_\_\_  
Print Name of Legal Entity

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

Signature

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

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

Date: \_\_\_\_\_

## 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 document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

<b>State</b>	<b>Effective Date</b>
California	
Hawaii	
Illinois	
Indiana	
Maryland	
Michigan	
Minnesota	
New York	
North Dakota	
Rhode Island	
South Dakota	
Virginia	
Washington	
Wisconsin	

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.

**RECEIPT  
(OUR COPY)**

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

If FunBox Franchise, LLC offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. New York and Rhode Island require that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreements or payment of any consideration that relates the franchise relationship. Michigan requires that we give 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 FunBox Franchise, LLC does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of the 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 in Exhibit D.

The franchisor offering the franchise: FunBox Franchise, LLC, 2510 East Sunset Road, Suite 5-400, Las Vegas, Nevada 89120 and 626-317-5150. The individual franchise seller who offered you a FunBox franchise is Ian Greenberg, Laurence Hallier, Suat Gokmen, and Antonio Nieves.

Issuance Date: September 13, 2024

See Exhibit D for our registered agents authorized to receive service of process.

I have received a Disclosure Document dated September 13, 2024 that included the following Exhibits:

EXHIBIT A	Franchise Agreement
EXHIBIT B	Financial Statements
EXHIBIT C	List of Current and Former Franchisees
EXHIBIT D	List of State Administrators and Agents for Service of Process
EXHIBIT E	Operations Manual Table of Contents
EXHIBIT F	State Specific Addenda to the Franchise Disclosure Document
EXHIBIT G	Sample General Release
EXHIBIT H	Franchise Compliance Certificate

PROSPECTIVE FRANCHISEE:

\_\_\_\_\_  
Date:

\_\_\_\_\_  
Signature

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

Please sign this copy of the Receipt, print the date on which you received this Disclosure Document, and return it, by mail or email to FunBox Franchise, LLC, 2510 East Sunset Road, Suite 5-400, Las Vegas, Nevada 89120 and [l@funbox.com](mailto:l@funbox.com)

**RECEIPT  
(YOUR COPY)**

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

If FunBox Franchise, LLC offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. New York and Rhode Island require that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreements or payment of any consideration that relates the franchise relationship. Michigan requires that we give 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.

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PROSPECTIVE FRANCHISEE:

\_\_\_\_\_  
Date:

\_\_\_\_\_  
Signature

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

Please keep this copy for your records.