

FRANCHISE DISCLOSURE DOCUMENT



X GOLF Franchise Corporation
A California corporation
24416 Main St., Ste 301
Carson, CA 90745
(323) 400-6611
www.xgolffranchise.com

As an X-Golf franchisee, you will operate an indoor golf entertainment facility serving food and beverages in a fun and upbeat atmosphere. The experience will center around the use of golf simulators which provide an opportunity for customers to play golf indoors on a simulator machine. The customers will range from avid golf enthusiasts to first time golfers seeking a fun experience.

The total investment necessary to begin operation of an X-Golf franchise is \$547,200 to \$916,000. This includes \$360,000 to \$510,000 that must be paid to the franchisor or affiliate.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, please contact Ryan D'Arcy at 24416 Main St., Ste 301, Carson, CA 90745 and (323) 400-6611.

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

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

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

Issuance date: April 23, 2021

How to Use This Franchise Disclosure Document

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

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

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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

Special Risks to Consider About *This Franchise*

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

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by arbitration and/or litigation only in California. Out-of-state 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 California than in your own state.

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

**(THE FOLLOWING 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.

If the franchisor's most recent financial statements are unaudited and show a net worth of less than \$100,000, the franchisee may request the franchisor to arrange for the escrow of initial investment and other funds paid by the franchisee until the obligations, if any, of the franchisor to provide real estate, improvements, equipment, inventory, training or other items included in the franchise offering are fulfilled. At the option of the franchisor, a surety bond may be provided in place of escrow.

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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Exhibits

- A. State Administrators and Agents for Service of Process
 - B. Franchise Agreement (with Guaranty and Non-Compete Agreement)
 - C. Rider to Lease Agreement
 - D. Form of General Release
 - E. Financial Statements
 - F. Operating Manual Table of Contents
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Item 1

THE FRANCHISOR AND ANY PARENTS, PREDECESSORS, AND AFFILIATES

In this disclosure document, “we”, “us,” or “our,” refers to X GOLF Franchise Corporation. “You” means the person to whom we grant a franchise. If you are a corporation, limited liability company, or other entity, each owner of the franchise entity must sign our Guaranty and Non-Compete Agreement, which means that all of the franchise agreement’s provisions also will apply to your owners.

Us, Any Parents, and Certain Affiliates

Our name is X GOLF Franchise Corporation. Our principal business address is 24416 Main St., Ste 301, Carson, CA 90745. X GOLF America, Inc. is our parent corporation. X GOLF America, Inc.’s address is the same as ours. You will purchase your golf simulators from X GOLF America, Inc. We do not have any affiliates that offer franchises in any line of business or that provide other products or services to our franchisees.

Our Predecessors

We do not have any predecessors.

Our Business Name

We use the names “X GOLF Franchise Corporation”, “X GOLF America”, “X-Golf”, and “XGOLF”. We do not intend to use any other names to conduct business.

Agent for Service of Process

Our agent for service of process in California is Ryan D’Arcy at 212 ½ Rosecran Pl, Manhattan Beach, CA 90266. Our agents for service of process in other states are disclosed in Exhibit A.

Business Organization

We are a California corporation. We were created on February 27, 2015.

Information About Our Business and the Franchises Offered

We do not operate businesses of the type being franchised.

We do not have any other business activities. We have not offered franchises in other lines of business.

If you sign a franchise agreement with us, you will develop and operate a business that offers golf simulator training and play services as well as food and beverage services under the trade name X-Golf.

The general market for X GOLF is typically young adults who are active with a healthy lifestyle between the ages of 25 to 65. The customers will range from golf enthusiasts to first-time golfers looking to learn about the game. The business is entertainment-based and the goal is to make the game of golf fun and convenient for a customer who wants to play on Friday night for an hour with friends or for an enthusiast to play every day without worrying about inclement weather. The golf market is highly developed, but the market for entertainment venues with golf simulators is undeveloped. Sales are not seasonal.

The industry for indoor and sports-related entertainment is highly competitive. There are multiple and varied sports-related entertainment options for customers to choose from such as actual sporting events, public and private golf clubs, sports bars, sports themed-restaurants, and similar types of facilities. However, X GOLF has a highly differentiated market niche in providing golf simulators in an entertainment venue.

Laws and Regulations

Your business will offer food and beverages, and therefore will be subject to numerous laws and regulations specific to the restaurant industry.

The U.S. Food and Drug Administration, the U.S. Department of Agriculture, and various state and local health departments administer and enforce laws and regulations that govern food preparation and service, waste disposal, and sanitary conditions. State and local agencies inspect restaurants for compliance with these requirements. Certain provisions of these laws impose limits on emissions resulting from commercial food preparation. Some states have also adopted or are considering proposals to regulate indoor air quality. For certain classes of employees in restaurants, the wage laws are different from other businesses.

The menu labeling provisions of the *Patient Protection and Affordable Health Care Act* require restaurant chains with 20 or more units to post caloric information on menus and menu boards, and to provide additional written nutrition information available to consumers upon request. For smaller chains, some states and local governments may require you to comply with laws relating to the labeling that is included on your menus, menu boards, and related materials. Some state and local authorities have also adopted, or are considering adopting, laws or regulations that would affect the content or make-up of food served in restaurants, such as the level of trans-fat contained in a food item.

You will need to obtain a license to sell beer, wine, and liquor. State and local laws, regulations and ordinances vary significantly in the procedures, difficulty and cost associated with obtaining a license, the restrictions placed on the manner in which alcoholic beverages maybe sold, and the potential liability imposed by so-called “dram shop” laws addressing injuries directly and indirectly related to the sale of alcohol and its consumption.

Prior Business Experience

We have offered franchises since 2015. None of our affiliates has offered franchises in other lines of business. None of our affiliates provides products or services to our franchisees, except that our parent corporation, X GOLF America, Inc., sells the golf simulators to franchisees.

Item 2
BUSINESS EXPERIENCE

Ryan D’Arcy - President and Chief Executive Officer; Director. Ryan D’Arcy has been President and Chief Executive Officer of us and our parent X GOLF America, Inc. (“XGA”) in Los Angeles, California since September 2019; he was Director of Franchise Operations and previously Director of Sales & Business Development of us since our founding in February 2015 and of XGA since May 2012. He has been the sole member of our Board of Directors since October 2019.

Joseph Huh – Chief Financial Officer. Joseph Huh has been our Chief Financial Officer in Los Angeles, California since September 2019. He has also been Chief Business Officer and Secretary of XGA since September 2019. He was Chief Executive Officer of XGA in Los Angeles, California from January 2013 (and of us from our founding in February 2015) until September 2019.

Jason Perras – Secretary. Jason Perras has been our Secretary in Wixom, Michigan, since September 2019. He has also been Chief Financial Officer of XGA since September 2019. From July 2012 until August 2019, he was Account Financial Manager of Yanfeng Global Automotive Interiors in Novi, Michigan. He has been the co-owner of X-Golf Grand Rapids since May 2017 and previously co-owned X-Golf Novi in 2016-2018.

Scott Minke - Chief Operating Officer. Scott Minke has been Chief Operating Officer of us and of XGA in Wixom, Michigan, since September 2019. He has been President (and part-owner) of X-Golf Grand Rapids, LLC since May 2017. He was Senior Director of AutoWeb in Irvine, California from April 2015 until September 2019.

Lauren Harrison – Vice President of Marketing and Public Relations. Lauren Harrison has been Vice President of Marketing and Public Relations of us and of XGA in Los Angeles, California since November 2020. She was Vice President of Public Relations for The Zimmerman Agency in Tallahassee, Florida from February 2011 until October 2020.

Item 3
LITIGATION

No litigation is required to be disclosed in this Item.

Item 4
BANKRUPTCY

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

**Item 5
INITIAL FEES**

Franchise Fee

When you sign your franchise agreement, you must pay us \$30,000 as the initial franchise fee. In 2020, this fee ranged from \$0 to \$30,000. Otherwise, this fee is uniform.

Golf Simulators

You will purchase six to eight X-Golf simulators from our parent company, X GOLF America, Inc., for \$55,000 to \$60,000 each, for at a total cost of \$330,000 to \$480,000. You pay for the simulators when you order them.

All initial franchise fees are payable in a lump sum and are non-refundable.

**Item 6
OTHER FEES**

Type of Fee	Amount	Due Date	Remarks
Royalty	7% of your gross sales	Monthly, on the 10 th day of the following month	See Notes 1, 2 and 3
Marketing Fund Contribution	1% of your gross sales	Monthly, on the 10 th day of the following month	
Market Cooperative Contribution	As determined by cooperative. Currently, none.	Monthly, on the 10 th day of the following month	If you participate in a co-op, you and the other franchisees in your market will pool resources for local marketing. The maximum contribution that a co-op may require is 5% of gross sales. Currently, there are no market co-ops.
Replacement / Additional Training fee	Currently, \$3,500	Prior to attending training	If we train a new manager after you open, we will charge our then-current training fee. We do not charge travel costs if we come to your location to conduct the training.

Type of Fee	Amount	Due Date	Remarks
Third party vendors	Pass-through of costs, plus reasonable administrative charge. Currently, none.	Varies	We have the right to require franchisees to use third-party vendors and suppliers that we designate. Examples can include computer support vendors, mystery shopping, and customer feedback systems. The vendors and suppliers may bill franchisees directly, or we have the right to collect payment for these vendors together with a reasonable markup or charge for administering the payment program.
Non-compliance fee	\$250	On demand	We may charge you \$250 if your business is not in compliance with our system specifications or the franchise agreement and you fail to correct the non-compliance after 30 days' notice. Thereafter, we may charge you \$250 per week until you correct such non-compliance.
Late fee	\$100 plus interest on the unpaid amount at a rate equal to 10% per year (or, if such payment exceeds the maximum allowed by law, then interest at the highest rate allowed by law)	On demand	We may charge a late fee if you fail to make a required payment when due.
Transfer fee	\$10,000	When transfer occurs	Payable if you sell your business.
Insufficient funds fee	\$50 (or, if such amount exceeds the maximum allowed by law, then the maximum allowed by law)	On demand	We may charge an insufficient funds fee if a payment made by you is returned because of insufficient funds in your account.
Costs of collection	Our actual costs	As incurred	Payable if we incur costs (including reasonable attorney fees) in attempting to collect amounts you owe to us.

Type of Fee	Amount	Due Date	Remarks
Special support fee	Our then-current fee, plus our expenses. Currently, \$600 per day.	On demand	If we provide in-person support to you in response to your request, we may charge this fee plus any out-of-pocket expenses (such as travel, lodging, and meals for employees providing onsite support).
Customer complaint resolution	Our expenses	On demand	We may take any action we deem appropriate to resolve a customer complaint about your business. If we respond to a customer complaint, we may require you to reimburse us for our expenses (provided that we give you at least 14 days to resolve the customer complaint directly)
Records audit	Our actual cost	On demand	Payable only if (1) we audit you because you have failed to submit required reports or other non-compliance, or (2) the audit concludes that you under-reported gross sales by more than 3% for any month.
Inspection fee	Currently \$300, plus our out-of-pocket costs	On demand	Payable only if we conduct an inspection of your business because of a governmental report, customer complaint or other customer feedback, or your default or non-compliance with any system specification.
Non-compliance cure costs and fee	Our out-of-pocket costs and internal cost allocation, plus 10%	When billed	We may cure your non-compliance on your behalf (for example, if you do not have required insurance, we may purchase insurance for you), and you will owe our costs plus a 10% administrative fee.
Indemnity	Our costs and losses from any legal action related to the operation of your franchise	On demand	You must indemnify and defend (with counsel reasonably acceptable to us) us and our affiliates against all losses in any action by or against us related to, or alleged to arise out of, the operation of your franchise (unless caused by our misconduct or negligence).

Type of Fee	Amount	Due Date	Remarks
Prevailing party's legal costs	Our attorney fees, court costs, and other expenses of a legal proceeding, if we are the prevailing party	On demand	In any legal proceeding (including arbitration), the losing party must pay the prevailing party's attorney fees, court costs and other expenses.

All fees are payable only to us. All fees are imposed by us and collected by us. All fees are non-refundable. All fees are uniform for all franchisees, although we reserve the right to change, waive, or eliminate fees for any one or more franchisees as we deem appropriate. There are currently no marketing cooperatives, purchasing cooperatives, or other cooperatives that impose fees on you.

Notes

1. "Gross Sales" is defined in our franchise agreement as the total dollar amount of all sales generated through your business for a given period, including, but not limited to, payment for any services or products sold by you, whether for cash or credit. Gross Sales does not include (i) bona fide refunds to customers, (ii) sales taxes collected, (iii) sale of used equipment not in the ordinary course of business, or (iv) sales of prepaid cards or similar products (but the redemption of any such card or product will be included in Gross Sales).

2. You must report your gross sales to us each calendar month. If you fail to report your gross sales, we will withdraw estimated royalty fees and marketing fund contributions based on 125% of the most recent gross sales you reported. We will true-up the actual fees after you report gross sales.

3. We currently require you to pay royalty fees and other amounts due to us by pre-authorized bank draft. However, we can require an alternative payment method.

**Item 7
ESTIMATED INITIAL INVESTMENT
YOUR ESTIMATED INITIAL INVESTMENT
FRANCHISE AGREEMENT**

Type of expenditure	Amount	Method of payment	When due	To whom payment is to be made
Initial franchise fee (see Note 1)	\$30,000 - \$30,000	Check or wire transfer	Upon signing the franchise agreement	Us

Type of expenditure	Amount	Method of payment	When due	To whom payment is to be made
Rent (one month) (see Note 2)	\$4,000 - \$10,000	Check	Upon signing lease	Landlord
Lease Security Deposit (see Note 2)	\$4,000 - \$10,000	Check	Upon signing lease	Landlord
Utilities	\$300 - \$2,000	Check, debit, and/or credit	Upon ordering service	Utility providers
Leasehold Improvements (see Note 3)	\$90,000 - \$190,000	Check, debit, and/or credit	As incurred or when billed	Contractors
Market Introduction Program	\$5,000 - \$10,000	Check, debit, and/or credit	As incurred or when billed	Vendors
Golf Simulators (see Note 4)	\$330,000 - \$480,000	Wire transfer or bank check	Upon ordering	X GOLF America, Inc.
Furniture, Fixtures, and Other Equipment	\$44,000 - \$75,000	Check, debit, and/or credit	As incurred	Vendors
Computer Systems	\$1,000 - \$3,000	Check, debit, and/or credit	As incurred	Vendors
Insurance (3 months)	\$3,000 - \$5,000	Check	Upon purchase	Insurance company
Signage	\$5,000 - \$10,000	Check, debit, and/or credit	Upon ordering	Approved suppliers and vendors
Office Expenses	\$1,000 - \$2,000	Check, debit, and/or credit	As incurred	Vendors
Inventory	\$5,000 - \$7,500	Check, debit, and/or credit	Upon ordering	Approved suppliers and vendors
Licenses and Permits (See Note 5)	\$1,500 - \$40,000	Check	Upon application	Government
Dues and Subscriptions	\$400 - \$1,000	Check, debit, and/or credit	As incurred or when billed	Vendors, trade organizations
Professional Fees (lawyer, accountant, etc.)	\$1,000 - \$3,000	Check, debit, and/or credit	As incurred or when billed	Professional service firms
Travel, lodging and meals for initial training	\$2,000 - \$7,500	Check, debit, and/or credit	As incurred	Airlines, hotels, and restaurants

Type of expenditure	Amount	Method of payment	When due	To whom payment is to be made
Additional funds (for first 3 months) (see Note 6)	\$20,000 - \$30,000	Varies	As incurred	Employees, suppliers, utilities
Total (see Note 8)	\$547,200 - \$916,000			

Notes

1. The initial franchise fees are paid in a lump sum and are non-refundable. Your lease security deposit and utility deposits will usually be refundable unless you owe money to the landlord or utility provider. None of the other expenditures in this table will be refundable. Neither we nor any affiliate finances any part of your initial investment.

2. Our estimates in this table assume you pay one month rent plus a security deposit before you open for business. For this to occur, you would need to negotiate a “free rent” period for the time it takes to build out your business. We expect that you will rent your location. If you choose to purchase real estate instead of renting, your costs will be significantly different. The average unit will range from 5,500 to 7,500 square feet and will be located in a retail environment with high vehicle and/or foot traffic. It is difficult to estimate lease acquisition costs because of the wide variation in these costs between various locations. Lease costs will vary based upon square footage and cost per square foot.

3. The cost of your buildout will depend on various factors, including size of the premises, the condition of the premises, local construction costs, and the amount of work (if any) performed by the landlord. Our estimate assumes construction starting from a “vanilla shell”.

4 This estimate includes purchase of six to eight X-Golf simulators purchased from our parent company, X GOLF America, Inc.

5. The cost of a license to serve alcoholic beverages, will vary widely by jurisdiction. You should investigate the cost of the appropriate licenses in your jurisdiction.

6. This includes any other required expenses you will incur before operations begin and during the initial period of operations, such as payroll, additional inventory, rent, and other operating expenses in excess of income generated by the business. It does not include salary or other compensation to you. In formulating the amount required for additional funds, we relied on the following factors, basis, and experience: the development of X-Golf businesses by our franchisees, and our general knowledge of the industry.

Item 8
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Generally

We have the right to require you to purchase or lease all goods, services, supplies, fixtures, equipment, inventory, computer hardware and software, real estate, or comparable items related to establishing or operating your business (1) either from us or our designee, or from suppliers approved by us, or (2) according to our specifications.

Specific Obligations

The following are our current specific obligations for purchases and leases:

A. X-Golf simulators. You purchase X-Golf simulators from our parent company, X GOLF America, Inc.

B. Real Estate. Your business location is subject to our approval and must meet our specifications. You must use reasonable efforts to have your landlord sign our form of Rider to Lease Agreement (attached to this disclosure document as Exhibit C).

C. Insurance. You must obtain insurance as described in the Franchise Agreement and in our Manual, which includes (i) “Special” causes of loss coverage forms, including fire and extended coverage, crime, vandalism, and malicious mischief, on all property of the Business, for full repair and replacement value (subject to a reasonable deductible); (ii) Business interruption insurance covering at least 12 months of income; (iii) Commercial General Liability insurance, including products liability coverage, and broad form commercial liability coverage, written on an “occurrence” policy form in an amount of not less than \$1,000,000 single limit per occurrence, (iv) separate coverage for liquor liability (commonly referred to as Dram Shop Liability) with limits of not less than \$1,000,000 single limit per occurrence, (v) Business Automobile Liability insurance including owned, leased, non-owned and hired automobiles coverage in an amount of not less than \$1,000,000, and (iv) Workers Compensation coverage as required by state law. Your policies (other than Workers Compensation) must list us and our affiliates as additional insured, must include a waiver of subrogation in favor of us and our affiliates, must be primary and non-contributing with any insurance carried by us or our affiliates, and must stipulate that we receive 30 days’ prior written notice of cancellation.

D. Point-of-sale software and hardware, and related software and hardware. You must purchase (or lease) the point-of-sale software and hardware, and related software and hardware, that we specify. See Item 11 for more details.

E. Food Service Equipment and Supplies. All of your kitchen equipment must meet our specifications and be purchased only from approved suppliers. All of your food purchases must meet our specifications and be purchased only from approved suppliers. We may require you to use a distributor that we approve.

Us or our Affiliates as Supplier

You purchase your X-Golf simulators from X GOLF America, Inc. Otherwise, neither we nor any affiliate is currently a supplier of any good or service that you must purchase, although we reserve to the right to be a supplier (or the sole supplier) of a good or service in the future

Ownership of Suppliers

None of our officers owns an interest in any supplier to our franchisees, other than X GOLF America, Inc.

Alternative Suppliers

If you want to use a supplier that is not on our list of approved suppliers, you must request our approval in writing. We have the sole discretion to approve or reject an alternative supplier. We may condition our approval on criteria we deem appropriate, such as evaluations of the supplier's capacity, quality, financial stability, reputation, and reliability; inspections; product testing, and performance reviews. Our criteria for approving suppliers are not available to you. We permit you to contract with alternative suppliers who meet our criteria only if you request our approval in writing, and we grant approval. There is no fee for us to review or approve an alternate supplier. We will provide you with written notification of the approval or disapproval of any supplier you propose within 30 days after receipt of your request. We may grant approvals of new suppliers or revoke past approvals of suppliers on written notice to you, or by updating our Manual.

Issuing Specifications and Standards

We issue specifications and standards to you for applicable aspects of the franchise in our Manual and/or in written directives. We may issue new specifications and standards for any aspect of our brand system, or modify existing specifications and standards, at any time by revising our Manual and/or issuing new written directives (which may be communicated to you by any method we choose). We will generally (but are not obligated to) issue new or revised specifications only after testing in our headquarters or XGolf locations, or after consultation with franchisees.

Revenue to Us and Our Affiliates

We will not derive revenue from the required purchases and leases by franchisees. However, our parent company, X GOLF America, Inc. receives revenue from your purchase of X-Golf simulators. In 2020, it received \$4,269,676 in revenue from purchases by franchisees.

Proportion of Required Purchases and Leases

We estimate that the required purchases and leases to establish your business are 70% to 80% of your total purchases and leases to establish your business.

We estimate that the required purchases and leases of goods and services to operate your business are 50% to 70% of your total purchases and leases of goods and services to operate your business.

Payments by Designated Suppliers to Us

We do not currently receive payments from any designated suppliers based on purchases by you or other franchisees. However, the franchise agreement does not prohibit us from doing so.

Purchasing or Distribution Cooperatives

No purchasing or distribution cooperative currently exists.

Negotiated Arrangements

We do not negotiate purchase arrangements with suppliers, including price terms, for the benefit of franchisees. However, we may do so in the future.

Benefits Provided to You for Purchases

We do not provide any material benefit to you based on your purchase of particular goods or services, or your use of particular suppliers.

**Item 9
FRANCHISEE’S OBLIGATIONS**

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

Obligation	Section in agreement	Disclosure document item
a. Site selection and acquisition/lease	§§ 6.1, 6.2	Item 11
b. Pre-opening purchase/leases	§§ 6.2, 6.3	Items 5, 7, 8 and 11
c. Site development and other pre-opening requirements	Article 6	Items 5, 7, 8 and 11
d. Initial and ongoing training	§§ 5.2, 6.4, 7.6	Items 5, 6, 8 and 11
e. Opening	§§ 6.5, 6.6	Items 7, 8 and 11
f. Fees	Article 4, §§ 5.3, 7.8, 8.4, 10.5, 11.2, 11.3, 15.2, 16.1, 17.6	Items 5, 6 and 7

Obligation	Section in agreement	Disclosure document item
g. Compliance with standards and policies/operating manual	§§ 6.3, 7.1, 7.3, 7.5, 7.7, 7.9 – 7.13, 7.15, 10.1, 10.4, 11.1	Items 8, 11 and 14
h. Trademarks and proprietary information	Article 12, § 13.1	Items 13 and 14
i. Restrictions on products/services offered	§ 7.3	Items 8, 11 and 16
j. Warranty and customer service requirements	§§ 7.8, 7.9	Item 8
k. Territorial development and sales quotas	§ 2.2	Item 12
l. Ongoing product/service purchases	Article 8	Items 6 and 8
m. Maintenance, appearance, and remodeling requirements	§§ 7.12, 7.13	Items 6, 7 and 8
n. Insurance	§ 7.15	Items 6, 7 and 8
o. Advertising	Article 9	Items 6, 7, 8 and 11
p. Indemnification	Article 16	Items 6 and 8
q. Owner's participation/management/staffing	§ 2.4	Items 15
r. Records and reports	Article 10	Item 11
s. Inspections and audits	§§ 10.5, 11.2	Items 6 and 11
t. Transfer	Article 15	Items 6 and 17
u. Renewal	§ 3.2	Item 17
v. Post-termination obligations	Article 13, § 14.3	Item 17
w. Non-competition covenants	§ 13.2	Item 17
x. Dispute resolution	Article 17	Items 6 and 17

**Item 10
FINANCING**

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

**Item 11
FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, AND
TRAINING**

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

Our Pre-Opening Obligations

Before you open your business:

A. *Your site.* We will review and advise you regarding potential locations that you submit to us. (Section 5.2). We are not obligated to further assist you in locating a site or negotiating the purchase or lease of the site.

(i) We generally do not own your premises and lease it to you.

(ii) If your site is not already known and approved by us when you sign your franchise agreement, then we and you will specify in your franchise agreement the area in which you must select a site (Franchise Agreement, Summary Page). We do not select your site. You must find a potential site and submit your site to us for approval, together with all information and documents about the site that we request. When we accept a site, we will issue a Location Acceptance Letter (in the form of Attachment 2 to the Franchise Agreement).

(iii) The factors we consider in approving sites are general location and neighborhood, competition, trade area demographics, traffic patterns, parking, size, physical characteristics of existing buildings, and lease terms.

(iv) The time limit for us to approve or disapprove your proposed site is 30 days after you submit all of our required documents and information. (Section 6.1). If we and you cannot agree on a site, you will be unable to comply with your obligation to develop and open the franchise by the deadline stated in the franchise agreement. Unless we agree to extend the deadline, you will be in default and we may terminate your franchise agreement.

(v) We are not obligated to assist you in conforming the premises of your site to local ordinances and building codes and obtaining any required permits. This will be your responsibility.

B. *Constructing, remodeling, or decorating the premises.* We will advise you regarding floor plans and interior design. (Section 5.2) Your floor plans and design are subject to our approval.

C. *Hiring and training employees.* All hiring decisions and conditions of employment are your sole responsibility. (Section 7.5)

D. *Necessary equipment, signs, fixtures, opening inventory, and supplies.* We will provide you a list of our specifications and approved suppliers for equipment, signs, fixtures, opening inventory, and supplies necessary to open your business. (Section 5.2) We do not provide these items directly; we only provide the names of approved suppliers. We do not deliver or install these items.

E. *Initial Training Program.* We will conduct our initial training program. (Section 5.2). The current initial training program is described below.

F. *Operating Manual.* We will give you access to our Operating Manual (Section 5.1).

G. *Business plan review.* If you request, we will review your pre-opening business plan and financial projections. (Section 5.2).

H. *Market introduction plan.* We will advise you regarding the planning and execution of your market introduction plan. (Section 5.2).

Length of Time to Open

The typical length of time between signing the franchise agreement and the opening of your business is 3 to 9 months. Factors that may affect the time period include your ability to obtain a lease, obtain financing, obtain business permits and licenses, and hire employees, and potential construction delays.

Our Post-Opening Obligations

After you open your business:

A. *Developing products or services you will offer to your customers.* Although it is our intent and practice to refine and develop products or services that you will offer to your customers, the franchise agreement does not obligate us to do so.

B. *Hiring and training employees.* All hiring decisions and conditions of employment are your sole responsibility. (Section 7.5)

C. *Improving and developing your business; resolving operating problems you encounter.* If you request, we will provide advice to you (by telephone or electronic communication) regarding improving and developing your business, and resolving operating problems you encounter, to the extent we deem reasonable. If we provide in-person support in response to your request, we may charge a fee (currently \$600 per day) plus any out-of-pocket expenses (such as travel, lodging, and meals for our employees providing onsite support). (Section 5.3).

D. *Establishing prices.* Upon your request, we will provide recommended prices for products and services. (Section 5.3).

E. *Establishing and using administrative, bookkeeping, accounting, and inventory control procedures.* We will provide you our recommended procedures for administration, bookkeeping, accounting, and inventory control. (Section 5.3). We may make any such procedures part of required (and not merely recommended) procedures for our system.

F. *Marketing Fund.* We will administer the Marketing Fund (Section 5.3). We will prepare an unaudited annual financial statement of the Marketing Fund within 120 days of the close of our fiscal year and will provide the financial statement to you upon request. (Section 9.3)

G. *Website.* We will maintain a website for the X-Golf brand, which will include your business information and telephone number. Alternately, we may maintain a separate website for your location. (Section 5.3).

Advertising

Our obligation. We will use the Marketing Fund only for marketing and related purposes and costs. Media coverage is primarily local. We use outside vendors and consultants to produce advertising. We are not required to spend any amount of advertising in the area or territory where any particular franchisee is located. We will maintain the brand website (which will be paid for by the Marketing Fund). We have no other obligation to conduct advertising.

Your own advertising material. You may use your own advertising or marketing material only with our approval. To obtain our approval, you must submit any proposed advertising or marketing material at least 14 days prior to use. If we do not respond, the material is deemed rejected. If you develop any advertising or marketing materials, we may use those materials for any purpose, without any payment to you.

Advertising council. We do not have an advertising council composed of franchisees. The franchise agreement does not give us the power to form an advertising council.

Local or Regional Advertising Cooperatives. We do not currently have any local or regional advertising cooperatives. We have the right to require you to participate in a local or regional advertising cooperative. We will define the area of the cooperative based on media markets, or other geographic criteria that we deem appropriate. Each franchisee in the area would have one vote per outlet (unless the franchisee is in default under its franchise agreement). The amount you must contribute to the cooperative will be determined by vote of the members, but not less than 1% and not more than 5% of gross sales. If our own outlets are members of a cooperative, they must contribute to the cooperative on the same basis as franchisees, and they will vote on the same basis as other members. We administer the cooperative, but we have the right to delegate responsibility for administration to an outside company such as an advertising agency or accounting firm, or to the franchisee members of the cooperative. We have the right to require the cooperative to operate from written bylaws or other governing documents that we determine. The documents are not currently available for you to review. Cooperatives will prepare annual financial statements which will be made available for review only by us and by the members of the cooperative. We have the power to require cooperatives to be formed, changed, dissolved, or merged.

Advertising Fund. You must contribute 1% of gross sales per month to the Marketing Fund. Although we intend to have all franchisees in the United States contribute at the same rate, we reserve the right to have other franchisees contribute a different amount or at a different rate. Outlets that we own are not obligated to contribute to the Marketing Fund. We administer the fund. The fund is not audited. We will make unaudited annual financial statements available to you upon request.

We did not have a Marketing Fund in 2020, and therefore no monies were spent from the fund in 2020.

If less than all marketing funds are spent in the fiscal year in which they accrue, the money will remain in the Marketing Fund to be spent in the next year.

No money from the Marketing Fund is spent principally to solicit new franchise sales.

Market introduction plan. You must develop a market introduction plan and obtain our approval of the plan at least 30 days before the projected opening date of your business. The plan should include your budget and describe the types of marketing you will implement in connection with the opening of your business.

Required spending. You must spend at least 5% of gross sales each fiscal quarter on marketing your business.

Point of Sale System

We require you to use the “Square” point-of-sale system. Square is a cloud-based system that provides functions such as managing sales and credit card processing. This system will generate or store data such as sales, refunds, and payments for purchases.

We estimate that you will spend between \$1,000 and \$3,000 on computer and point-of-sale systems.

We are not obligated to provide any ongoing maintenance, repairs, upgrades, or updates. We do not require you enter into any such contract with a third party (except for your ongoing subscription to Square).

You must upgrade or update any system when we determine. There is no contractual limit on the frequency or cost of this obligation.

We estimate that the annual cost of any optional or required maintenance, updating, upgrading, or support contracts will be \$300 to \$1,200 (not counting Square fees for credit card processing).

You must give us independent access (via user ID and password) to all information that will be generated or stored in these systems. The information that we may access will include sales, customer data, and reports. There is no contractual limitation on our right to access the information.

Operating Manual

See Exhibit F for the table of contents of our Operating Manual as of the date this disclosure document, with the number of pages devoted to each subject. There are 51 total pages in the Operating Manual.

Training Program

Our training program consists of the following:

TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
Starting your franchise	1		Grand Rapids, MI, or another franchise location we determine
Marketing & Sales	2 to 4		Grand Rapids, MI, or another franchise location we determine
Customer Service	2	1 to 2	Grand Rapids, MI, or another franchise location we determine
Front of House Operations	2 to 4	1 to 2	Grand Rapids, MI, or another franchise location we determine
Back of House Operations	2 to 4	1 to 2	Grand Rapids, MI, or another franchise location we determine
Accounting	1 to 2	-	Grand Rapids, MI, or another franchise location we determine
Management Techniques		1 to 3	Grand Rapids, MI, or another franchise location we determine
Simulator Maintenance	2 to 3	2 to 4	Grand Rapids, MI, or another franchise location we determine
How to Operate Simulator and Related Equipment/Software	4 to 6	2 to 4	Grand Rapids, MI, or another franchise location we determine
TOTALS:	15 to 24	8 to 17	

Training classes will be conducted approximately two months before the opening of your business and otherwise scheduled in accordance with the needs of new franchisees. We anticipate holding training classes three to four times per year. Training will be held at a franchisee's location in Grand Rapids, Michigan, or another franchise location we determine. We reserve the right to vary the length and content of the initial training program based on the experience and skill level of any individual attending the initial training program.

The instructional materials consist of the Operating Manual and other materials, lectures, discussions, and on-the-job demonstration and practice.

Training classes will be led by Scott Minke. His experience is described in Item 2. He has four years of experience in our industry, and one year of experience with us or our affiliates. Other executives described in Item 2 may lead aspects of training.

There is no fee for up to 3 people to attend training. You must pay the travel and living expenses of people attending training.

You and your designated manager must attend training. You may send any additional persons to training that you want (up to the maximum described above). You must complete training to our satisfaction at least four weeks before opening your business.

Your business must at all times be under your on-site supervision or under the on-site supervision of a general manager who has completed our training program. If we train a new general manager, we will charge a fee, which is currently \$3,500. Otherwise, we do not currently require additional training programs or refresher courses, but we have the right to do so.

Item 12 TERRITORY

Your Location

Your franchise is for a specific location. If the specific location is not known at the time you sign a franchise agreement, then your location is subject to our approval.

Grant of Territory

Your franchise agreement will specify a territory, which will be determined by us. Your territory will typically a radius of 8 miles around your location, although we may use a smaller territory (of no less than 100,000 people) in a densely-populated area. If your business location is not known when you sign your franchise agreement, then we will state your location and territory in a “Location Acceptance Letter” when we approve your location.

Relocation; Establishment of Additional Outlets

You do not have the right to relocate your business, and we have no obligation to approve any request for relocation. Our policy is to approve relocation of a franchisee’s business on a case-by-case basis, considering factors such as changes in demographics, profitability of your current business, or a loss of your premises due to circumstances beyond your control.

You do not have the right to establish additional franchised outlets. If you desire to do so, you must (1) meet our then-current criteria for new franchisees, (2) be in compliance with your franchise agreement at all times since opening your business, (3) have demonstrated your capability to operate a multiple franchises successfully, (4) receive our then-current franchise disclosure document, and (5) obtain our agreement.

Options to Acquire Additional Franchises

You do not receive any options, rights of first refusal, or similar rights to acquire additional franchises.

Territory Protection

In your franchise agreement, we grant you an exclusive territory. In your territory, we will not open an X-Golf outlet, nor license or franchise another party to open an X-Golf outlet.

The continuation of your territorial protection does not depend on achieving a certain sales volume, market penetration, or other contingency. There are no circumstances that permit us to modify your territorial rights.

Restrictions on Us from Soliciting or Accepting Orders in Your Territory

There are no restrictions on us from soliciting or accepting orders from consumers inside your territory. We reserve the right to use other channels of distribution, such as the internet, catalog sales, telemarketing, or other direct marketing sales, to make sales within your territory using our principal trademarks or using trademarks different from the ones you will use under your franchise agreement. We do not pay any compensation to you for soliciting or accepting orders from inside your territory.

Soliciting by You Outside Your Territory

There are no restrictions on you from soliciting or accepting orders from consumers outside of your territory, except that all marketing and advertising is subject to our approval and guidelines.

Competition by Us Under Different Trademarks

Neither we nor any of our affiliates operates, franchises, or has plans to operate or franchise a business under a different trademark selling goods or services similar to those you will offer. However, the franchise agreement does not prohibit us from doing so.

Item 13 TRADEMARKS

Principal Trademark

The following is the principal trademark that we license to you. This trademark is owned by RD-Tek Co., Ltd, a Korean corporation (“RD-Tek”). It is registered on the Principal Register of the United States Patent and Trademark Office:

Trademark	Registration Date	Registration Number
	August 14, 2012	4188371

Section 7 and Section 15 affidavits have been filed. The registration has not been renewed.

RD-Tek has also filed a trademark application with the United States Patent and Trademark Office for the phrase “X Golf” on February 2, 2021, serial number 90503849. We do

not have a federal registration for this principal trademark. Therefore, this trademark does not have many legal benefits and rights as a federally registered trademark. If our right to use the trademark is challenged, you may have to change to an alternative trademark, which may increase your expenses.

Determinations

There are no currently effective material determinations of the United States Patent and Trademark Office, the Trademark Trial and Appeal Board, or any state trademark administrator or court. There are no pending infringement, opposition, or cancellation proceedings.

Litigation

There is no pending material federal or state court litigation regarding our use or ownership rights in a trademark.

Agreements

Pursuant to a Product License and Distribution Agreement (the “PLDA”) between RD-Tek and our parent XGOLF America, Inc. (“XGA”) dated September 6, 2019, RD-Tek licensed to XGA the trademark described above, along with all other trademarks, trade names, service marks, and other branding along with all goodwill therein related to XGolf products and services. RD-Tek also licensed patents related to XGolf to XGA. In the PLDA, RD-Tek also appointed XGA as its sole and exclusive distributor of XGolf products and software in the United States and Canada. The PLDA agreement is of perpetual duration. Either party may terminate the agreement if (1) the other party violates the agreement and fails to cure for more than 90 days after written notice or (2) the other party files a petition in bankruptcy, is declared bankrupt, becomes insolvent, makes an assignment for the benefit of creditors, goes into liquidation or receivership, otherwise loses legal control of its business involuntarily, or discontinues its business operations. In the event of termination, the licenses granted by RD-Tek to XGA will remain in effect.

Pursuant to a Trademark Sublicense Agreement, dated September 6, 2019, XGA sublicenses the trademarks to us for the purpose of franchising. This agreement is of perpetual duration. It may be modified only by mutual consent of the parties. It may be terminated by XGA only if we discontinue commercial use of the trademarks for a continuous period of more than one year. Our rights under the Trademark Sublicense Agreement are limited by the rights granted to XGA in the PLDA. The Trademark Sublicense Agreement specifies that if it is ever terminated, your franchise rights will remain unaffected.

Protection of Rights

We protect your right to use the principal trademarks listed in this Item, and protect you against claims of infringement or unfair competition arising out of your use of the trademarks, to the extent described in this section.

The franchise agreement obligates you to notify us of the use of, or claims of rights to, a trademark identical to or confusingly similar to a trademark licensed to you. The franchise

agreement does not require us to take affirmative action when notified of these uses or claims. We have the right to control any administrative proceedings or litigation involving a trademark licensed by us to you.

If you use our trademarks in accordance with the franchise agreement, then (i) we will defend you (at our expense) against any legal action by a third party alleging infringement by your use of the trademark, and (ii) we will indemnify you for expenses and damages if the legal action is resolved unfavorably to you.

Under the franchise agreement, we may require you to modify or discontinue using a trademark, at your expense. You will have a reasonable period of time to comply with the change, not to exceed 90 days. After such period, you would no longer have the right to use the unmodified or discontinued trademark. Your rights under the franchise agreement do not change, other than the modification or discontinuation of the trademark.

Superior Prior Rights and Infringing Uses

We do not know of either superior prior rights or infringing uses that could materially affect your use of the principal trademarks.

Item 14 PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

Patents

In the Product License and Distribution Agreement (the “PLDA”) between RD-Tek and our parent XGOLF America, Inc. (“XGA”) dated September 6, 2019, RD-Tek licensed to XGA the following patents and applications:

- (i) Title: Eight-Directional Controlled Dynamic Plate Based on One-Point
Patent No.: US 8,545,341
Inventors: Song Hwan Choi
Assignee: RD-TEK Co Ltd.
Expires: January 17, 2032

- (ii) Title: Low Ground Clearance-Type Ball Supply Device
Patent No.: US 8,840,482
Inventors: Song Hwan Choi
Assignee: RD-TEK Co Ltd.
Expires: March 12, 2033

- (iii) Title: Golf Simulator, and Golf Simulation Method
Patent No.: US 10,456,651
Inventors: Song Hwan Choi
Assignee: RD-TEK Co Ltd.
Expires:

The terms of the PLDA are described in Item 13.

Copyrights

All of our original works of authorship fixed in a tangible medium of expression are automatically protected under the U.S. Copyright Act, whether or not we have obtained registrations. This includes our Operating Manual as well as all other sales, training, management and other materials that we have created or will create. You may use these copyrighted materials during the term of the franchise, in a manner consistent with our ownership rights, solely for your franchised business.

We do not have any registered copyrights. There are no pending copyright applications for our copyrighted materials. There are no currently effective determinations of the U.S. Copyright Office (Library of Congress) or any court regarding any copyright.

There are no agreements currently in effect that limit our right to use or license the use of our copyrighted materials.

We have no obligation to protect any of our copyrights or to defend you against claims arising from your use of copyrighted items. The franchise agreement does not require us to take affirmative action when notified of copyright infringement. We control any copyright litigation. We are not required to participate in the defense of a franchisee or indemnify a franchisee for expenses or damages in a proceeding involving a copyright licensed to the franchisee. We may require you to modify or discontinue using the subject matter covered by any of our copyrights, at your expense.

We do not know of any copyright infringement that could materially affect you.

Proprietary Information

We have a proprietary, confidential Operating Manual and related materials that include guidelines, standards and policies for the development and operation of your business. We also claim proprietary rights in other confidential information or trade secrets that include all methods for developing and operating the business, and all non-public plans, data, financial information, processes, vendor pricing, supply systems, marketing systems, formulas, techniques, designs, layouts, operating procedures, customer data, information and know-how.

All customer data and other non-public data generated by your business is confidential information and is exclusively owned by us. We license such data back to you without charge solely for your use in connection with your XGolf business.

You must disclose to us all ideas, plans, improvements, concepts, methods, and techniques relating to your XGolf business that you conceive or develop. We will automatically own all such innovations, and we will have the right to incorporate any innovations into our system for use by all franchisees, without any compensation to you.

You (and your owners, if the franchise is owned by an entity) must protect the confidentiality of our Operating Manual and other proprietary information, and you must use our

confidential information only for your franchised business. We may require your managers and key employees to sign confidentiality agreements.

Item 15
OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE
FRANCHISE BUSINESS

Your Participation

You must devote substantial time and attention to your business.

You must designate one person as your “Principal Executive”. The Principal Executive is the executive primarily responsible for your business and has decision-making authority on behalf of the business. The Principal Executive must own at least 15% of the business, unless we waive this requirement for you. The Principal Executive must complete our initial training program. The Principal Executive must complete any post-opening training programs that we develop in the future. The Principal Executive must make reasonable efforts to attend all in-person meetings and remote meetings (such as telephone or video conference calls), including regional or national brand conferences, that we require. The Principal Executive cannot fail to attend more than three consecutive required meetings.

If your business is owned by an entity, all owners of the business must sign our Guaranty and Non-Compete Agreement (see Attachment 3 to Exhibit B).

“On-Premises” Supervision

You are not required to personally conduct “on-premises” supervision (that is, act as general manager) of your business. However, we recommend on-premises supervision by you.

There is no limit on who you can hire as an on-premises supervisor. The general manager of your business (whether that is you or a hired person) must successfully complete our training program.

If the franchise business is owned by an entity, we do not require that the general manager own any equity in the entity.

Restrictions on Your Manager

If we request, you must have your general manager (and other key employees that we reasonably designate) sign a confidentiality and non-compete agreement. We will not require you to enter into a confidentiality and non-compete agreement that violates applicable state law. We do not require you to place any other restrictions on your manager.

Item 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer for sale only goods and services (including menu items and beverages) that we have approved.

You must offer for sale all goods and services (including menu items and beverages) that we require. We have the right to change the types of authorized goods or services, and there are no limits on our right to make changes.

We do not restrict your access to customers, except that all sales must be made at or from your premises.

Item 17
RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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

Provision	Section in franchise or other agreement	Summary
a. Length of the franchise term	§ 3.1	The term of the franchise agreement is 10 years.
b. Renewal or extension of the term	§ 3.2	You may obtain a successor franchise agreement for up to two additional terms of five years each.
c. Requirements for franchisee to renew or extend	§ 3.2	<p>For our franchise system, “renewal” means that at the end of your term, you sign our successor franchise agreement for an additional 5-year term. You may be asked to sign a contract with materially different terms and conditions than your original contract.</p> <p>To renew, you must give advance notice to us; be in compliance with all contractual obligations to us and third parties; renovate to our then-current standards; sign then-current form of franchise agreement and related documents (including personal guaranty); sign general release (unless prohibited by applicable law).</p> <p>If you continue operating your franchise after the expiration of the term without a renewal agreement, then we may either terminate your</p>

Provision	Section in franchise or other agreement	Summary
		operation at any time or deem you to have renewed your agreement for a 5-year term.
d. Termination by franchisee	§ 14.1	If we violate a material provision of the franchise agreement and fail to cure or to make substantial progress toward curing the violation within 30 days after notice from you.
e. Termination by franchisor without cause	Not Applicable	
f. Termination by franchisor with cause	§ 14.2	We may terminate your agreement for cause, subject to any applicable notice and cure opportunity.
g. “Cause” defined--curable defaults	§ 14.2	Non-payment by you (10 days to cure); violate franchise agreement other than non-curable default (30 days to cure).
h. “Cause” defined--non-curable defaults	§ 14.2	Misrepresentation when applying to be a franchisee; knowingly submitting false information; bankruptcy; lose possession of your location; violation of law; violation of confidentiality; violation of non-compete; violation of transfer restrictions; slander or libel of us; refusal to cooperate with our business inspection; cease operations for more than 10 consecutive days; three defaults in 12 months; cross-termination; score below 90/A on government health inspections more than twice in 36 months; charge, plea to, or conviction of a felony, or accusation of an act that is reasonably likely to materially and unfavorably affect our brand; any other breach of franchise agreement which by its nature cannot be cured.
i. Franchisee’s obligations on termination/non-renewal	§§ 14.3 – 14.6	Pay all amounts due; return Manual and proprietary items; notify phone, internet, and other providers and transfer service; cease doing business; remove identification; purchase option by us.
j. Assignment of agreement by franchisor	§ 15.1	Unlimited
k. “Transfer” by franchisee - defined	Article 1	For you (or any owner of your business) to voluntarily or involuntarily transfer, sell, or dispose of, in any single or series of

Provision	Section in franchise or other agreement	Summary
		transactions, (i) substantially all of the assets of the business, (ii) the franchise agreement, (iii) any direct or indirect ownership interest in the business, or (iv) control of the business.
l. Franchisor's approval of transfer by franchisee	§ 15.2	No transfers without our approval.
m. Conditions for franchisor's approval of transfer	§ 15.2	Pay transfer fee; buyer meets our standards; buyer is not a competitor of ours; buyer and its owners sign our then-current franchise agreement and related documents (including personal guaranty); you've made all payments to us and are in compliance with all contractual requirements; buyer completes training program; you sign a general release (subject to state law); business complies with then-current system specifications (including remodel, if applicable).
n. Franchisor's right of first refusal to acquire franchisee's business	§ 15.5	If you want to transfer your business (other than to your co-owner or your spouse, sibling, or child), we have a right of first refusal.
o. Franchisor's option to purchase franchisee's business	§ 14.6	When your franchise agreement expires or is terminated, we will have the right to purchase any or all of the assets of your business for fair market value.
p. Death or disability of franchisee	§§ 2.4, 15.4	If you die or become incapacitated, a new principal executive acceptable to us must be designated to operate the business, and your executor must transfer the business to an approved new owner within nine months.
q. Non-competition covenants during the term of the franchise	§ 13.2	Neither you, any owner of the business, or any spouse of an owner may have ownership interest in, lend money or provide financial assistance to, provide services to, or be employed by, any competitor.
r. Non-competition covenants after the franchise is terminated or expires	§ 13.2	For two years, neither you, any owner of the business, or any spouse of an owner may have ownership interest in, lend money or provide financial assistance to, provide services to, or be employed by a competitor located within five miles of your former territory or the

Provision	Section in franchise or other agreement	Summary
		territory of any other X-Golf business operating on the date of termination.
s. Modification of the agreement	§ 18.4	No modification or amendment of the agreement will be effective unless it is in writing and signed by both parties. This provision does not limit our right to modify the Manual or system specifications.
t. Integration/merger clause	§ 18.3	Only the terms of the franchise agreement and other related written agreements are binding (subject to state law). No other representations or promises will be binding. Nothing in the franchise agreement or in any other related written agreement is intended to disclaim representations made in this Disclosure Document.
u. Dispute resolution by arbitration or mediation	§ 17.1	All disputes are resolved by arbitration (except for injunctive relief) (subject to applicable state law).
v. Choice of forum	§§ 17.1; 17.5	Arbitration will take place where our headquarters is located (currently, Los Angeles, California) (subject to applicable state law). Any legal proceedings not subject to arbitration will take place in the District Court of the United States, in the district where our headquarters is then located, or if this court lacks jurisdiction, the state courts of the state and county where our headquarters is then located (subject to applicable state law).
w. Choice of law	§ 18.8	California (subject to applicable state law).

For additional disclosures required by certain states, refer to Exhibit H - State Addenda to Disclosure Document

**Item 18
PUBLIC FIGURES**

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

Item 19
FINANCIAL PERFORMANCE REPRESENTATIONS

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

Table 1 – 2019 Profit Statement

The following table shows information about the six XGOLF businesses that were in operation for all of 2019 and which operate with six XGolf simulators. The income and expense information are for the fiscal year ending December 31, 2019.

	Range Low	Range High	Median	Mean	# (%) Above Mean
Year Opened	2017	2018	2018	2018	4 (67%)
Location Size (sq. ft.)	5,000	6,400	5,875	5,781	3 (50%)
Number of Simulators	6	6	6	6	6 (100%)
Total Rent incl. CAM (NNN) (per sq. ft.)	\$ 15.50	\$ 24.49	\$ 18.80	\$ 19.40	3 (50%)
Total Cost of Buildout	\$ 542,583	\$ 766,000	\$ 623,832	\$ 642,888	3 (50%)
Tenant Improvement Allowance	\$ 54,070	\$ 185,000	\$ 82,500	\$ 96,093	2 (33%)
Net Buildout Costs	\$ 427,583	\$ 676,000	\$ 547,407	\$ 546,795	3 (50%)
Total Income	\$ 408,600	\$ 709,153	\$ 502,244	\$ 522,530	2 (33%)
Income from Simulators	67%	79%	71%	72%	2 (33%)
Income from Sale of Goods	21%	33%	29%	28%	4 (67%)
Cost of Goods Sold	\$ 38,815	\$ 72,787	\$ 49,445	\$ 53,644	2 (33%)
Gross Profit	\$ 369,397	\$ 636,366	\$ 450,979	\$ 468,886	1 (17%)
Expenses					
Advertising & Marketing	\$ 16,456	\$ 22,670	\$ 19,600	\$ 19,583	3 (50%)
General & Administrative	\$ 5,840	\$ 17,482	\$ 7,875	\$ 9,826	2 (33%)
Insurance	\$ 8,434	\$ 13,746	\$ 11,885	\$ 11,362	4 (67%)
Legal & Professional	\$ -	\$ 8,457	\$ 3,393	\$ 3,903	3 (50%)
Licenses & Permits	\$ 1,830	\$ 11,548	\$ 3,473	\$ 5,018	2 (33%)
Payment Authorization Fees	\$ 9,767	\$ 18,693	\$ 12,226	\$ 13,233	2 (33%)
Payroll Expenses	\$ 78,276	\$ 153,952	\$ 121,349	\$ 118,220	3 (50%)
Rent & Lease	\$ 77,297	\$ 124,281	\$ 114,758	\$ 107,292	4 (67%)
Repairs, Maintenance, Supplies	\$ 7,433	\$ 19,481	\$ 13,820	\$ 13,765	3 (50%)
Royalty Fees	\$ 24,516	\$ 42,549	\$ 30,135	\$ 31,352	2 (33%)
Travel	\$ -	\$ 5,125	\$ 1,061	\$ 1,911	2 (33%)
Utilities	\$ 13,902	\$ 18,829	\$ 17,166	\$ 16,508	4 (67%)
Operating Profit (EBITDA)	\$ 68,338	\$ 266,853	\$ 89,682	\$ 116,914	2 (33%)

Table 2 – 2020 Profit Statement

The following table shows information about the 16 XGOLF businesses that were in operation for all of 2020 and which operate with six or seven XGolf simulators (13 business with six simulators; 3 businesses with seven simulators). The income and expense information are for the fiscal year ending December 31, 2020.

Data Summary by Line Item (b/)	Range Low	Range High	Median	Mean	# (%) Above Mean
Year Opened	2017	2019	2019	2019	8 (50%)
Location Size (sq. ft.)	4,639	7,200	5,560	5,713	7 (44%)
Number of Simulators	6	7	6	6	3 (19%)
Total Rent incl. CAM (NNN) (per sq. ft.)	\$ 15.50	\$ 28.60	\$ 21.95	\$ 21.77	9 (56%)
Total Cost of Buildout	\$ 542,583	\$ 952,250	\$ 698,144	\$ 713,705	8 (50%)
Tenant Improvement Allowance	\$ -	\$ 284,000	\$ 96,189	\$ 112,861	7 (44%)
Net Buildout Costs	\$ 427,583	\$ 751,875	\$ 615,728	\$ 600,844	8 (50%)
Total Income	\$ 228,168	\$ 668,959	\$ 352,988	\$ 405,168	7 (44%)
Income from Simulators	65%	78%	72%	72%	7 (44%)
Income from Goods	22%	35%	28%	28%	7 (44%)
Cost of Sales	\$ 19,469	\$ 104,269	\$ 41,157	\$ 50,927	7 (44%)
Gross Profit	\$ 174,065	\$ 567,016	\$ 323,103	\$ 354,241	7 (44%)
Expenses					
Advertising & Marketing	\$ 3,191	\$ 47,113	\$ 21,158	\$ 22,003	8 (50%)
General & Administrative	\$ 1,447	\$ 31,414	\$ 5,741	\$ 7,526	5 (31%)
Insurance	\$ 561	\$ 26,288	\$ 9,445	\$ 10,667	5 (31%)
Legal & Professional	\$ 500	\$ 12,445	\$ 3,137	\$ 4,017	6 (38%)
Licenses & Permits	\$ 531	\$ 11,908	\$ 1,542	\$ 2,259	3 (19%)
Payment Authorization Fees	\$ 2,597	\$ 16,857	\$ 8,901	\$ 9,866	5 (31%)
Payroll Expenses	\$ 62,202	\$ 250,742	\$ 96,898	\$ 112,082	6 (38%)
Rent & Lease	\$ 59,857	\$ 130,020	\$ 108,961	\$ 108,113	8 (50%)
Repairs, Maintenance, Supplies	\$ 2,851	\$ 33,163	\$ 14,969	\$ 16,054	7 (44%)
Royalty Fees	\$ 13,690	\$ 40,138	\$ 21,179	\$ 24,310	7 (44%)
Travel	\$ -	\$ 3,350	\$ 206	\$ 425	4 (25%)
Utilities	\$ 10,940	\$ 34,696	\$ 15,998	\$ 17,517	7 (44%)
Operating Profit (EBITDA)	\$ (159,422)	\$ 191,903	\$ 26,771	\$ 19,403	9 (56%)
Impact of COVID-19 relief programs (i.e. CARES Act) includes funds received via PPP (forgiven or expected to be forgiven), EIDL, SBA Loan Payments, and other small business grants. (c/)	Range Low	Range High	Median	Mean	# (%) Above Mean
	24,800	145,976	79,401	76,083	11 (69%)

Notes:

1. The foregoing tables are a historic financial performance representation. They are not a projection of future performance.

2. Table 1 and 2 are based on information reported to us by our franchisees. We did not audit or independently verify the information. Of the six locations reflected in Table 1, two opened in 2017 and four opened in 2018. Of the 16 locations reflected in Table 2, two opened in 2017, four opened in 2018, and the remainder opened in 2019. The tables do not include any XGOLF business with less than six simulators, because our current franchise offering requires that you purchase at least six simulators. There was a total of 11 XGOLF businesses in operation during the 2019 period. There was a total of 20 XGOLF business in operation during the 2020 period. We do not anticipate that material financial and operational characteristics of these outlets will differ materially from future operational franchise outlets; however, your outlet may differ materially in characteristics such as length of time in operation, number of golf simulators, square footage, geographic location, trade area demographics, accessibility, visibility, degree of competition, and other factors.

3. “Total Income” means the total revenue derived from the sale of goods or services less sales tax, discounts, allowances, and returns.

4. “Gross Profit” is Total Income less the cost of goods sold.

5. “Operating Profit (EBITDA)” is the gross profit less expenses. It does not include interest, taxes, depreciation, or amortization.

6. The COVID-19 pandemic began affecting operations in 2020, including government-mandated temporary closures, government-mandated limits on capacity and changes in operation to reduce risk of COVID-19 transmission (including temporarily limiting or removing food and beverage offerings). The government mandates varied by jurisdiction. The COVID-19 pandemic is ongoing as of the date of this disclosure document.

7. In 2020, all locations received some amount of grants or funding from COVID-19 relief programs designed to aid small businesses during the pandemic (such as the CARES Act). We do not consider these programs to be indicative of a normal operating year. Accordingly, these amounts are not included in the EBITDA calculation for 2020, although they had a significant positive impact on franchise income.

Some outlets have sold and earned these amounts. Your individual results may differ. There is no assurance that you’ll sell as much.

Written substantiation of the information contained in this Item 19 will be made available to prospective franchisees upon reasonable request.

Other than the preceding financial performance representation, X GOLF Franchise Corporation does not make any financial performance representations. We also do not authorize

our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Ryan D'Arcy, 24416 Main St., Ste 301, Carson, CA 90745, (323) 400-6611, the Federal Trade Commission, and the appropriate state regulatory agencies.

Item 20
OUTLETS AND FRANCHISEE INFORMATION

Table 1
Systemwide Outlet Summary
For years 2018 to 2020

Column 1 Outlet Type	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets at the End of the Year	Column 4 Net Change
Franchised	2018	9	11	+2
	2019	11	20	+9
	2020	20	24	+4
Company-Owned	2018	0	0	0
	2019	0	0	0
	2017	0	0	0
Total Outlets	2018	9	11	+2
	2019	11	20	+9
	2019	20	24	+4

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

Column 1 State	Column 2 Year	Column 3 Number of Transfers
Colorado	2018	0
	2019	0
	2020	1
Michigan	2018	1
	2019	1
	2020	0

Column 1 State	Column 2 Year	Column 3 Number of Transfers
Total	2018	1
	2019	1
	2020	1

Table 3
Status of Franchised Outlets
For years 2018 to 2020

Column 1 State	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets Opened	Column 5 Termi- Nations	Column 6 Non- Renewals	Column 7 Reacquired by Franchisor	Column 8 Ceased Operations – Other Reasons	Column 9 Outlets at End of the Year
Alabama	2018	1	0	0	0	0	0	1
	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
Colorado	2018	1	0	0	0	0	0	1
	2019	1	1	0	0	0	0	2
	2020	2	0	0	0	0	0	2
Illinois	2018	0	0	0	0	0	0	0
	2019	0	1	0	0	0	0	1
	2020	1	1	0	0	0	0	2
Indiana	2018	0	0	0	0	0	0	0
	2019	0	1	0	0	0	0	1
	2020	1	0	0	0	0	0	1
Louisiana	2018	1	0	0	0	0	1	0
	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
Massachusetts	2018	0	0	0	0	0	0	0
	2019	0	1	0	0	0	0	1
	2020	1	0	0	0	0	0	1
Michigan	2018	4	4	0	0	0	0	8
	2019	8	1	0	0	0	0	9
	2020	9	1	0	0	0	0	10

Column 1 State	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets Opened	Column 5 Termi- Nations	Column 6 Non- Renewals	Column 7 Reacquired by Franchisor	Column 8 Ceased Operations – Other Reasons	Column 9 Outlets at End of the Year
Minnesota	2018	0	1	0	0	0	0	1
	2019	1	2	0	0	0	0	3
	2020	3	0	0	0	0	0	3
Pennsylvania	2018	0	0	0	0	0	0	0
	2019	0	1	0	0	0	0	1
	2020	1	1	0	0	0	1	1
Texas	2018	2	0	0	0	0	2	0
	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
Wisconsin	2018	0	0	0	0	0	0	0
	2019	0	1	0	0	0	0	1
	2020	1	1	0	0	0	0	2
Virginia	2018	0	0	0	0	0	0	0
	2019	0	0	0	0	0	0	0
	2020	0	1	0	0	0	0	1
Total	2018	9	5	0	0	0	3	11
	2019	11	9	0	0	0	0	20
	2020	20	5	0	0	0	1	24

Table 4
Status of Company-Owned Outlets
For years 2018 to 2020

Column 1 State	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets Opened	Column 5 Outlets Reacquired From Franchisee	Column 6 Outlets Closed	Column 7 Outlets Sold to Franchisee	Column 8 Outlets at End of the Year
N/A	2018	0	0	0	0	0	0
	2019	0	0	0	0	0	0
	2020	0	0	0	0	0	0
Totals	2018	0	0	0	0	0	0

Column 1 State	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets Opened	Column 5 Outlets Reacquired From Franchisee	Column 6 Outlets Closed	Column 7 Outlets Sold to Franchisee	Column 8 Outlets at End of the Year
	2019	0	0	0	0	0	0
	2020	0	0	0	0	0	0

Table 5
Projected Openings As Of December 31, 2020

Column 1 State	Column 2 Franchise Agreements Signed But Outlet Not Opened	Column 3 Projected New Franchised Outlets In The Next Fiscal Year	Column 4 Projected New Company- Owned Outlets In the Next Fiscal Year
California	-	2	-
Colorado	1	1	-
Kansas	1	1	-
Illinois	2	7	-
Massachusetts	-	5	-
Michigan	2	2	-
Minnesota	-	2	-
Missouri	-	1	-
New York	-	4	-
Ohio	-	5	-
Pennsylvania	1	2	-
Rhode Island	1	1	-
South Carolina	1	1	-
Wisconsin	2	2	-
Totals	11	36	0

Current Franchisees

Exhibit G contains the names of all current franchisees (as of the end of our last fiscal year) and the address and telephone number of each of their outlets.

Former Franchisees

Exhibit G contains the name, city and state, and current business telephone number, or if unknown, the last known home telephone number of every franchisee who had an outlet

terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during the most recently completed fiscal year or who have not communicated with us within 10 weeks of the disclosure document issuance date.

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

Confidentiality Clauses

In the last three fiscal years, no franchisees have signed any contract, order, or settlement provision that directly or indirectly restricts a current or former franchisee from discussing his or her personal experience as a franchisee in our system with any prospective franchisee.

Franchisee Organizations

There are no trademark-specific franchisee organizations associated with our franchise system.

Item 21 FINANCIAL STATEMENTS

Exhibit E contains our audited financial statements as of December 31, 2020, December 31, 2019, and December 31, 2018.

Item 22 CONTRACTS

Copies of all proposed agreements regarding this franchise offering are attached as the following Exhibits:

- B. Franchise Agreement (with Guaranty and Non-Compete Agreement)
- C. Rider to Lease Agreement
- D. Form of General Release
- I. State Addenda to Agreements

Item 23 RECEIPTS

Detachable documents acknowledging your receipt of this disclosure document are attached as the last two pages of this disclosure document.

EXHIBIT A

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:

State	State Administrator	Agent for Service of Process (if different from State Administrator)
California	Commissioner of Financial Protection and Innovation Department of Financial Protection and Innovation 2101 Arena Blvd. 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, 1st Floor Lansing, MI 48933 (517) 373-7117	

State	State Administrator	Agent for Service of Process (if different from State Administrator)
Minnesota	Minnesota Department of Commerce Securities-Franchise Registration 85 7 th Place East, Suite 280 St. Paul, MN 55101-2198 (651) 539-1500	Commissioner of Commerce Minnesota Department of Commerce 85 7 th Place East, Suite 280 St. Paul, MN 55101-2198 (651) 539-1500
New York	New York State Department of Law Investor Protection Bureau 28 Liberty St. 21st Floor New York, NY 10005 212-416-8236	Secretary of State 99 Washington Avenue Albany, NY 12231
North Dakota	North Dakota Securities Department 600 East Boulevard Ave., State Capital Fifth Floor, Dept. 414 Bismarck, ND 58505-0510 (701) 328-4712	
Oregon	Department of Consumer & Business Services Division of Finance and Corporate Securities Labor and Industries Building Salem, Oregon 97310 (503) 378-4140	
Rhode Island	Department of Business Regulation Securities Division 1511 Pontiac Avenue Building 68-2 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	
Virginia	State Corporation Commission 1300 East Main Street 9th Floor Richmond, VA 23219 (804) 371-9051	Clerk of the State Corporation Commission 1300 East Main Street, 1st 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 4822 Madison Yards Way Madison, WI 53705 (608) 266-0448	Division of Securities Department of Financial Institutions 4822 Madison Yards Way Madison, WI 53705 (608) 261-7577

EXHIBIT B
FRANCHISE AGREEMENT



FRANCHISE AGREEMENT

SUMMARY PAGE

- | | |
|---------------------------------|----------|
| 1. Franchisee | _____ |
| 2. Initial Franchise Fee | \$30,000 |
| 3. Development Area | _____ |
| 4. Business Location | _____ |
| 5. Territory | _____ |
| 6. Opening Deadline | _____ |
| 7. Principal Executive | _____ |
| 8. Franchisee's Address | _____ |

FRANCHISE AGREEMENT

This Agreement is made between X GOLF Franchise Corporation, a California corporation (“XGF”), and Franchisee effective as of the date signed by XGF (the “Effective Date”).

Background Statement:

A. XGF has created and owns a system (the “System”) for developing and operating a business that provides golf simulator training and entertainment services as well as food and beverage services under the trade name “X-Golf”.

B. The System includes (1) methods, procedures, and standards for developing and operating an X-Golf business, (2) plans, specifications, equipment, signage and trade dress for X-Golf businesses, (3) particular products and services, (4) the Marks, (5) training programs, (6) business knowledge, (7) marketing plans and concepts, and (8) other mandatory or optional elements as determined by XGF from time to time.

C. The parties desire that XGF license the Marks and the System to Franchisee for Franchisee to develop and operate an X-Golf business on the terms and conditions of this Agreement.

ARTICLE 1. DEFINITIONS

“**Action**” means any action, suit, proceeding, claim, demand, governmental investigation, governmental inquiry, judgment or appeal thereof, whether formal or informal.

“**Approved Vendor**” means a supplier, vendor, or distributor of Inputs which has been approved by XGF

“**Business**” means the X-Golf business owned by Franchisee and operated under this Agreement.

“**Competitor**” means any business which offers indoor golf simulators.

“**Confidential Information**” means all non-public information of or about the System, XGF, and any X-Golf business, including all methods for developing and operating the Business, and all non-public plans, data, financial information, processes, vendor pricing, supply systems, marketing systems, formulas, techniques, designs, layouts, operating procedures, customer data, information and know-how.

“**Gross Sales**” means the total dollar amount of all sales generated through the Business for a given period, including, but not limited to, payment for any services or products sold by Franchisee, whether for cash or credit. Gross Sales does not include (i) bona fide refunds to customers, (ii) sales taxes collected by Franchisee, (iii) sales of used equipment not in the ordinary course of business, or (iv) sales of prepaid cards or similar products (but the redemption of any such card or product will be included in Gross Sales).

“Input” means any goods, services, supplies, fixtures, equipment, inventory, computer hardware and software, real estate, or comparable items related to establishing or operating the Business.

“Location” means the location stated on the Summary Page. If no location is stated on the Summary Page, then the Location will be determined in accordance with Section 6.1.

“Losses” includes (but is not limited to) all losses; damages; fines; charges; expenses; lost profits; reasonable attorneys’ fees; travel expenses, expert witness fees; court costs; settlement amounts; judgments; loss of XGF’s reputation and goodwill; costs of or resulting from delays; financing; costs of advertising material and media time/space and the costs of changing, substituting or replacing the same; and any and all expenses of recall, refunds, compensation, public notices and other such amounts incurred in connection with the matters described.

“Manual” means XGF’s confidential Operating Manual(s), including any supplements, additions, or revisions from time to time, which may be in any form or media.

“Marketing Fund” means the fund established by XGF into which Marketing Fund Contributions are deposited.

“Marks” means the trade name and logo contained on the Summary Page, and all other trade names, trademarks, service marks and logos specified by XGF from time to time for use in an X-Golf business.

“Owner” means each person or entity which directly or indirectly owns or controls any equity of Franchisee. If Franchisee is an individual person, then “Owner” means Franchisee.

“Remodel” means a refurbishment, renovation, and remodeling of the Location to conform to the building design, exterior facade, trade dress, signage, fixtures, furnishings, equipment, decor, color schemes, presentation of the Marks, and other System Standards in a manner consistent with the image then in effect for a new X-Golf business.

“Required Vendor” means a supplier, vendor, or distributor of Inputs which XGF requires franchisees to use.

“System Standards” means, as of any given time, the then-current mandatory procedures, requirements, and/or standards of the System as determined by XGF, which may include without limitation, any procedures, requirements and/or standards for appearance, business metrics, cleanliness, customer service, data protection and privacy, design (such as construction, decoration, layout, furniture, fixtures and signs), equipment, inventory, marketing and public relations, operating days and hours, presentation of Marks, product offerings (including menu items and beverages), quality of products and services (including any guaranty and warranty programs), reporting, safety, service offerings, technology (such as computers, computer peripheral equipment, smartphones, point-of-sale systems, back-office systems, information management systems, security systems, video monitors, other software, backup and archiving systems, communications systems (including email, audio, and video systems), payment acceptance systems, and internet access, as well as upgrades, supplements, and modifications

thereto), temporary operational changes due to special circumstances (such as a pandemic), uniforms, and vehicles.

“**Territory**” means the territory stated on the Summary Page. If no territory is stated on the Summary Page, then the Territory is determined in accordance with Section 6.1.

“**Transfer**” means for Franchisee (or any Owner) to voluntarily or involuntarily transfer, sell, or dispose of, in any single or series of transactions, (i) substantially all of the assets of the Business, (ii) this Agreement, (iii) any direct or indirect ownership interest in Franchisee, or (iv) control of the Business.

ARTICLE 2. GRANT OF LICENSE

2.1 Grant. XGF grants to Franchisee the right to operate an X-Golf business solely at the Location. If no Location is stated on the Summary Page when this Agreement is signed, then the parties will determine the Location in accordance with Section 6.1. Franchisee shall develop, open and operate an X-Golf business at the Location for the entire term of this Agreement.

2.2 Protected Territory. XGF shall not establish, nor license the establishment of, another business that combines golf simulator training and entertainment services with food and beverage services under the trade name “X-Golf”. XGF retains the right to:

- (i) establish and license others to establish and operate X-Golf businesses outside the Territory, notwithstanding their proximity to the Territory or their impact on the Business;
- (ii) operate and license others to operate businesses anywhere that do not sell the same or similar goods or services under the same or similar trademarks or service marks as an X-Golf business; and
- (iii) sell and license others to sell products and services in the Territory through channels of distribution (including the internet) other than X-Golf outlets.

2.3 Franchisee Control. Franchisee represents that Attachment 1 (i) identifies each owner, officer and director of Franchisee, and (ii) describes the nature and extent of each owner’s interest in Franchisee. If any information on Attachment 1 changes (which is not a Transfer), Franchisee shall notify XGF within 10 days.

2.4 Principal Executive. Franchisee agrees that the person designated as the “Principal Executive” on the Summary Page is the executive primarily responsible for the Business and has decision-making authority on behalf of Franchisee. The Principal Executive must have at least 15% ownership interest in Franchisee. The Principal Executive does not have to serve as a day-to-day general manager of the Business, but the Principal Executive must devote substantial time and attention to the Business. If the Principal Executive dies, becomes incapacitated, transfers his/her interest in Franchisee, or otherwise ceases to be the executive primarily responsible for the Business, Franchisee shall promptly designate a new Principal Executive, subject to XGF’s reasonable approval.

2.5 Guaranty. If Franchisee is an entity, then Franchisee shall have each Owner sign a personal guaranty of Franchisee’s obligations to XGF, in the form of Attachment 3.

2.6 No Conflict. Franchisee represents to XGF that Franchisee and each of its Owners (i) are not violating any agreement (including any confidentiality or non-competition covenant) by entering into or performing under this Agreement, (ii) are not a direct or indirect owner of any Competitor, and (iii) are not listed or “blocked” in connection with, and are not in violation under, any anti-terrorism law, regulation, or executive order.

ARTICLE 3. TERM

3.1 Term. This Agreement commences on the Effective Date and continues for ten years.

3.2 Successor Agreement. When the term of this Agreement expires, Franchisee may enter into a successor agreement for up to two additional periods of five years each, subject to the following conditions prior to each expiration:

- (i) Franchisee notifies XGF of the election to renew between 90 and 180 days prior to the end of the term;
- (ii) Franchisee (and its affiliates) are in compliance with this Agreement and all other agreements with XGF (or any of its affiliates) at the time of election and at the time of renewal;
- (iii) Franchisee has made or agrees to make (within a period of time acceptable to XGF) renovations and changes to the Business as XGF requires (including a Remodel, if applicable) to conform to the then-current System Standards;
- (iv) Franchisee and its Owners execute XGF’s then-current standard form of franchise agreement and related documents (including personal guaranty), which may be materially different than this form (including, without limitation, higher and/or different fees), except that Franchisee will not pay another initial franchise fee and will not receive more renewal or successor terms than described in this Section; and
- (v) Franchisee and each Owner executes a general release (on XGF’s then-standard form) of any and all claims against XGF, its affiliates, and their respective owners, officers, directors, agents and employees.

ARTICLE 4. FEES

4.1 Initial Franchise Fee. Upon signing this Agreement, Franchisee shall pay an initial franchise fee in the amount stated on the Summary Page. This initial franchise fee is not refundable.

4.2 Royalty Fee. Franchisee shall pay XGF a monthly royalty fee (the “Royalty Fee”) equal to 7% of Gross Sales. The Royalty Fee for any given month is due on the 10th day of the following month.

4.3 Marketing Contributions.

(a) Marketing Fund Contribution. Franchisee shall pay XGF a contribution to the Marketing Fund (the “Marketing Fund Contribution”) equal to 1% of Franchisee’s Gross Sales (or such lesser amount as XGF determines), at the same time as the Royalty Fee.

(b) Market Cooperative Contribution. If the Business participates in a Market Cooperative, then Franchisee shall contribute to the Market Cooperative a percentage of Gross Sales (or other amount) determined by the Market Cooperative, not to exceed 5%.

4.4 Replacement / Additional Training Fee. If XGF trains a manager or other employee of Franchisee after opening, XGF may charge its then-current training fee. As of the date of this Agreement, the training fee is \$3,500 per person.

4.5 Non-Compliance Fee. XGF may charge Franchisee \$250 for any instance of non-compliance with the System Standards or this Agreement (other than Franchisee’s non-payment of a fee owed to XGF) which Franchisee fails to cure after 30 days’ notice. Thereafter, XGF may charge Franchisee \$250 per week until Franchisee ceases such non-compliance. This fee is a reasonable estimate of XGF’s internal cost of personnel time attributable to addressing the non-compliance, and it is not a penalty or estimate of all damages arising from Franchisee’s breach. The non-compliance fee is in addition to all of XGF’s other rights and remedies (including default and termination under Section 14.2).

4.6 Alcohol Sales. If applicable law (state or local) prohibits or restricts Franchisee’s ability to pay (or XGF’s ability to collect) Royalty Fees or other amounts based on Gross Sales derived from the sale of alcoholic beverages by the Business, or if such law would require XGF be licensed to sell alcoholic beverages, then the parties will exclude alcoholic beverage sales from Gross Sales and mutually agree on a substitute so as to provide the same basic economic effect to both parties.

4.7 Payment Terms.

(a) Method of Payment. Franchisee shall pay the Royalty Fee, Marketing Fund Contribution, and any other amounts owed to XGF by pre-authorized bank draft or in such other manner as XGF may require. Franchisee shall comply with XGF’s payment instructions.

(b) Calculation of Fees. Franchisee shall report monthly Gross Sales to XGF by the 10th of the following month. If Franchisee fails to report monthly Gross Sales, then XGF may withdraw estimated Royalty Fees and Marketing Fund Contributions equal to 125% of the last Gross Sales reported to XGF, and the parties will true-up the actual fees after Franchisee reports Gross Sales. Franchisee acknowledges that XGF has the right to remotely access Franchisee’s point-of-sale system to calculate Gross Sales.

(c) Late Fees and Interest. If Franchisee does not make a payment on time, Franchisee shall pay a \$100 “late fee” plus interest on the unpaid amount at a rate equal to 10% per year (or, if such payment exceeds the maximum allowed by law, then interest at the highest rate allowed by law).

(d) Insufficient Funds. XGF may charge \$50 for any payment returned for insufficient funds (or, if such amount exceeds the maximum allowed by law, then the fee allowed by law).

(e) Costs of Collection. Franchisee shall repay any costs incurred by XGF (including reasonable attorney fees) in attempting to collect payments owed by Franchisee.

(f) Application. XGF may apply any payment received from Franchisee to any obligation and in any order as XGF may determine, regardless of any designation by Franchisee.

(g) Obligations Independent; No Set-Off. The obligations of Franchisee to pay to XGF any fees or amounts described in this Agreement are not dependent on XGF's performance and are independent covenants by Franchisee. Franchisee shall make all such payments without offset or deduction.

ARTICLE 5. ASSISTANCE

5.1 Manual. XGF shall make its Manual available to Franchisee.

5.2 Pre-Opening Assistance.

(a) Selecting Location. XGF shall provide its criteria for X-Golf locations to Franchisee. XGF will review and advise Franchisee regarding potential locations submitted by Franchisee.

(b) Design. XGF shall advise Franchisee regarding floor plans and interior/exterior design. Franchisee's plans and designs must be submitted to XGF for approval as set forth in Section 6.3.

(c) Vendors. To the extent applicable, XGF shall provide its specifications and list of Approved Vendors and/or Required Vendors for equipment, signs, fixtures, opening inventory, and supplies to open the Business.

(d) Business Plan Review. If requested by Franchisee, XGF shall review and advise on Franchisee's pre-opening business plan and financial projections. **Franchisee acknowledges that XGF accepts no responsibility for the performance of the Business.**

(e) Pre-Opening Training. XGF shall make available its standard pre-opening training to the Principal Executive and up to 2 other employees, at XGF's headquarters and/or at an X-Golf business designated by XGF. XGF shall not charge any fee for this training. Franchisee is responsible for its own travel, lodging, meal, and other out-of-pocket expenses. XGF reserves the right to vary the length and content of the initial training program based on the experience and skill level of any individual attending the program.

(f) Market Introduction Plan. XGF shall advise Franchisee regarding the planning and execution of Franchisee's market introduction plan.

5.5 Post-Opening Assistance.

(a) Advice, Consulting, and Support. If Franchisee requests, XGF will provide advice to Franchisee (by telephone or electronic communication) regarding improving and developing Franchisee's business, and resolving operating problems Franchisee encounters, to the extent XGF deems reasonable. If XGF provides in-person support in response to Franchisee's request, XGF may charge its then-current fee plus any out-of-pocket expenses (such as travel, lodging, and meals for employees providing onsite support).

(b) Pricing. Upon request, XGF shall provide recommended prices for products and services offered by franchisees of the System.

(c) Procedures. XGF shall provide Franchisee with XGF's recommended administrative, bookkeeping, accounting, and inventory control procedures. XGF may make any such procedures part of required (and not merely recommended) System Standards.

(d) Marketing. XGF shall manage the Marketing Fund.

(e) Internet. XGF shall maintain a website for X-Golf, which will include Franchisee's location and telephone number. Alternately, XGF may maintain a separate website for Franchisee's location.

ARTICLE 6. LOCATION, DEVELOPMENT, AND OPENING

6.1 Determining Location and Territory. If the Location and Territory are not stated on the Summary Page:

(i) Franchisee shall find a potential Location within the Development Area described on the Summary Page, and Franchisee shall submit its proposed Location to XGF for acceptance, with all related information and documents XGF may request. If XGF does not accept the proposed Location in writing within 30 days, then it is deemed rejected.

(ii) When XGF accepts the Location, it will issue a Location Acceptance Letter in the form of Attachment 2 which states the Location and Territory. XGF shall determine the Territory in its good faith discretion, substantially in accordance with Item 12 of the Franchise Disclosure Document.

(iii) **XGF's advice regarding or acceptance of a site is not a representation or warranty that the Business will be successful, and XGF has no liability to Franchisee with respect to the location of the Business.**

6.2 Lease. In connection with any lease between Franchisee and the landlord of the Location: (i) if requested by XGF, Franchisee must submit the proposed lease to XGF for written approval, (ii) the term of the lease (including renewal terms) must be for a period of not less than the term of this Agreement, and (iii) Franchisee shall use commercially reasonable efforts to obtain the landlord's signature to a rider to the lease in the form required by XGF.

6.3 Development. Franchisee shall construct (or remodel) and finish the Location in conformity with XGF's System Standards. If required by XGF, Franchisee shall engage the services of an architect licensed in the jurisdiction of the Location. Franchisee shall not begin any construction or remodeling work without first obtaining XGF's approval of Franchisee's plans (including floor plans and interior and exterior design). XGF may, but is not required to, inspect Franchisee's construction or remodeling progress at any reasonable time. Franchisee shall not rely upon any information provided or opinions expressed by XGF or its representatives regarding any architectural, engineering, or legal matters (including without limitation the Americans With Disabilities Act) in the development and construction of the Business, and XGF assumes no liability with respect thereto. XGF's inspection and/or approval to open the Business is not a representation or a warranty that the Business has been constructed in accordance with any architectural, engineering or legal standards.

6.4 New Franchisee Training. Franchisee's Principal Executive and Franchisee's designated manager must complete XGF's training program for new franchisees to XGF's reasonable satisfaction at least four weeks before opening the Business.

6.5 Conditions to Opening. Franchisee shall notify XGF at least 30 days before Franchisee intends to open the Business to the public. Before opening, Franchisee must satisfy all of the following conditions: (1) Franchisee is in compliance with this Agreement, (2) Franchisee has obtained all applicable governmental permits and authorizations, (3) the Business conforms to all applicable System Standards, (4) XGF has inspected and approved the Business, (5) Franchisee has hired sufficient employees, (6) Franchisee's officers and employees have completed all of XGF's required pre-opening training; and (7) XGF has given its written approval to open, which will not be unreasonably withheld.

6.6 Opening Date. Franchisee shall open the Business to the public on or before the date stated on the Summary Page, provided, however, that Franchisee may extend the opening deadline by up to 120 days if (i) Franchisee has leased a Location, obtain construction permits, and commenced work on the Location prior the opening deadline, and (ii) Franchisee requests the extension in writing before the opening deadline.

ARTICLE 7. OPERATIONS

7.1 Compliance with Manual and System Standards. Franchisee shall at all times and at its own expense comply with all mandatory obligations contained in the Manual and with all other System Standards.

7.2 Compliance with Law.

(a) Generally. Franchisee and the Business shall comply with all laws and regulations. Franchisee and the Business shall obtain and keep in force all governmental permits and licenses necessary for the Business.

(b) Health Inspection Scores. Franchisee must achieve a health code inspection score of 90, "A" or higher pursuant to the grading or rating system of the applicable governmental authority. Franchisee will provide XGF a copy of any inspection report and score within two business days after receipt.

7.3 Products and Services.

(a) Generally. Franchisee shall offer all products and services, and only those products and services, from time to time prescribed by XGF in the Manual or otherwise in writing. Franchisee offer all products and services in the manner required by XGF, which may include (without limitation) offering memberships and operating leagues according to applicable System Standards.

(b) Menu. Without limiting the generality of subsection (a), Franchisee shall offer all menu items and beverages, and only those menu items and beverages, from time to time prescribed by XGF in the Manual or otherwise in writing. Franchisee shall follow all recipes prescribed by XGF, including, without limitation, use of all ingredients specified or authorized by XGF, and only such ingredients. Franchisee shall maintain sufficient levels of inventory at all times.

(c) Method of Sale. Franchisee shall make sales only at the Location. Unless otherwise approved or required by XGF, Franchisee shall not make sales by any other means, including without limitation by delivery, by mail order or over the internet, or at satellite locations.

7.4 Prices. Franchisee retains the discretion to determine the prices it charges for products and services, provided that, subject to applicable law, XGF reserves to set minimum prices for X-Golf products and services on a local, regional, or national basis.

7.5 Personnel.

(a) Management. The Business must employ a general manager that has completed XGF's management training program. If the general manager leaves employment for any reason, Franchisee must have a replacement general manager complete training within 90 days.

(b) Service. Franchisee shall cause its personnel to render competent and courteous service to all customers and members of the public.

(c) Appearance. Franchisee shall cause its personnel to comply with any dress attire, uniform, personal appearance and hygiene standards set forth in the Manual.

(d) Qualifications. XGF may set minimum qualifications for categories of employees employed by Franchisee.

(e) Sole Responsibility. Franchisee is solely responsible for all hiring decisions and all the terms and conditions of employment of all of its personnel, including recruiting, hiring, training, scheduling, supervising, compensation, and termination. Franchisee is solely responsible for all actions of its personnel. Franchisee and XGF are not joint employers, and no employee of Franchisee will be an agent or employee of XGF. Within seven days of XGF's request, Franchisee and each of its employees must sign an acknowledgment form stating that Franchisee alone (and not XGF) is the employee's sole employer. Franchisee will use its legal name on all documents with its employees and independent contractors, including, but not

limited to, employment applications, time cards, pay checks, and employment and independent contractor agreements, and Franchisee shall not use the Marks on any of these documents.

7.6 Post-Opening Training. XGF may at any time require that the Principal Executive and/or any other employees complete training programs, in any format and in any location determined by XGF. XGF may charge a reasonable fee for any training programs. XGF may require Franchisee to provide training programs to its employees. If a training program is held at a location which requires travel by the Principal Executive or any other employee, then Franchisee shall pay all travel, living and other expenses.

7.7 Software. Without limiting the generality of Section 7.1 or Section 8.1, Franchisee shall acquire and use all software and related systems required by XGF. Franchisee shall enter into any subscription and support agreements that XGF may require. Franchisee shall upgrade, update, or replace any software from time to time as XGF may require. Franchisee shall protect the confidentiality and security of all software systems, and shall abide by any System Standards related thereto. Franchisee shall give XGF unlimited access to Franchisee's point of sale system and other software systems used in the Business, by any means designated by XGF.

7.8 Customer Complaints. Franchisee shall use its best efforts to promptly resolve any customer complaints. XGF may take any action it deems appropriate to resolve a customer complaint regarding the Business, and XGF may require Franchisee to reimburse XGF for any expenses (provided that Franchisee will not be responsible for such expenses unless XGF first gives Franchisee notice and at least 14 days to resolve the customer complaint directly.)

7.9 Evaluation and Compliance Programs. Franchisee shall participate at its own expense in programs required from time to time by XGF for obtaining customer evaluations, reviewing Franchisee's compliance with the System, and/or managing customer complaints, which may include (but are not limited to) a customer feedback system, customer survey programs, and mystery shopping. XGF shall share with Franchisee the results of these programs, as they pertain to the Business. Franchisee must meet or exceed any reasonable minimum score requirements set by XGF for such programs.

7.10 Payment Systems. Franchisee shall accept payment from customers in any form or manner designated by XGF (which may include, for example, cash, specific credit and/or debit cards, gift cards, electronic fund transfer systems, and mobile payment systems). Franchisee shall purchase or lease all equipment and enter into all business relationships necessary to accept payments as required by XGF. Franchisee must at all times comply with payment card industry data security standards (PCI-DSS).

7.11 Gift Cards, Loyalty Programs, and Incentive Programs. At its own expense, Franchisee shall sell or otherwise issue gift cards, certificates, or other pre-paid systems, and participate in any customer loyalty programs, membership/subscription programs, or customer incentive programs, designated by XGF, in the manner specified by XGF in the Manual or otherwise in writing. Franchisee shall honor all valid gift cards and other pre-paid systems, regardless of whether issued by Franchisee or another X-Golf business. If Franchisee honors a gift card or other pre-paid system sold by another location, or vice versa, XGF and Franchisee will cooperate so that the cash received is fairly allocated to the location where that gift card or

other pre-paid system is redeemed (subject to fees and charges). Franchisee shall comply with all procedures and specifications of XGF related to gift cards, certificates, and other pre-paid systems, or related to customer loyalty, membership/subscription programs, or customer incentive programs.

7.12 Cleaning, Maintenance, and Repair. Franchisee shall at all times keep the Business in a neat and clean condition, perform all appropriate maintenance, and keep all physical property in good repair. In addition, Franchisee shall promptly perform all work on the physical property of the Business as XGF may prescribe from time to time, including but not limited to periodic interior painting and replacement of obsolete or worn-out signage, floor coverings, furnishings, equipment, and décor. Franchisee acknowledges that the System Standards may include requirements for cleaning, maintenance, and repair.

7.13 Remodeling. In addition to Franchisee's obligations to comply with all System Standards in effect from time to time, XGF may require Franchisee to undertake and complete a Remodel of the Location to XGF's satisfaction. Franchisee must complete the Remodel in the time frame specified by XGF. XGF may require the Franchisee to submit plans for XGF's reasonable approval prior to commencing a required Remodel. XGF's right to require a Remodel is limited as follows: (i) the Remodel will not be required in the first two or last two years of the term (except that a Remodel may be required as a condition to renewal of the term or a Transfer), and (ii) a Remodel will not be required more than once every five years from the date on which Franchisee was required to complete the prior Remodel, and (iii) Franchisee will not be required to spend more than \$100,000 in any single Remodel (provided that XGF may increase this amount to reflect inflation from January 1, 2021).

7.14 Meetings. The Principal Executive shall use reasonable efforts to attend all in-person meetings and remote meetings (such as telephone or video conference calls) that XGF requires, including any national or regional brand conventions. Franchisee shall not permit the Principal Executive to fail to attend more than three consecutive required meetings.

7.15 Insurance.

(a) Franchisee shall obtain and maintain insurance policies in the types and amounts as specified by XGF in the Manual. If not specified in the Manual, Franchisee shall maintain at least the following insurance coverage:

- (i) "Special" causes of loss coverage forms, including fire and extended coverage, crime, vandalism, and malicious mischief, on all property of the Business, for full repair and replacement value (subject to a reasonable deductible);
- (ii) Business interruption insurance covering at least 12 months of income;
- (iii) Commercial General Liability insurance, including products liability coverage, and broad form commercial liability coverage, written on an "occurrence" policy form in an amount of not less than \$1,000,000 single limit per occurrence;
- (iv) separate coverage for liquor liability (commonly referred to as Dram Shop Liability) with limits of not less than \$1,000,000 single limit per occurrence;

- (v) Business Automobile Liability insurance including owned, leased, non-owned and hired automobiles coverage in an amount of not less than \$1,000,000; and
- (vi) Workers Compensation coverage as required by state law.

(b) Franchisee's policies (other than Workers Compensation) must (1) list XGF and its affiliates as an additional insured, (2) include a waiver of subrogation in favor of XGF and its affiliates, (3) be primary and non-contributing with any insurance carried by XGF or its affiliates, and (4) stipulate that XGF shall receive 30 days' prior written notice of cancellation.

(c) Franchisee shall provide Certificates of Insurance evidencing the required coverage to XGF prior to opening and upon annual renewal of the insurance coverage, as well as at any time upon request of XGF.

7.16 Obligations to Third Parties. Franchisee shall pay all vendors and suppliers in a timely manner (subject to any good-faith disputes). Franchisee shall pay all taxes when due. If Franchisee borrows money, it shall comply with the terms of its loan and make all loan payments when due. If Franchisee leases the Location, Franchisee shall comply with its lease for the Location and make all rent payments when due.

7.17 Public Relations. Franchisee shall not make any public statements (including giving interviews or issuing press releases) regarding X-Golf, the Business, or any particular incident or occurrence related to the Business, without XGF's prior written approval, which will not be unreasonably withheld.

7.18 Association with Causes. Franchisee shall not in the name of the Business (i) donate money, products, or services to any charitable, political, religious, or other organization or cause, or (ii) act in support of any such organization or cause, without XGF's prior written approval, which will not be unreasonably withheld.

7.19 No Other Activity Associated with the Business. Franchisee shall not engage in any business or other activity at the Location other than operation of the X-Golf Business. Franchisee shall not use assets of the Business for any purpose other than the Business. If Franchisee is an entity, the entity shall not own or operate any other business except X-Golf businesses.

7.20 No Third-Party Management. Franchisee shall not engage a third-party management company to manage or operate the Business without the prior written approval of XGF, which will not be unreasonably withheld.

7.21 Identification. Franchisee must identify itself as the independent owner of the Business in the manner prescribed by XGF. Franchisee must display at the Business signage prescribed by XGF identifying the Location as an independently owned franchise.

7.22 Business Practices. Franchisee, in all interactions with customers, employees, vendors, governmental authorities, and other third parties, shall be honest and fair. Franchisee shall comply with any code of ethics or statement of values from XGF. Franchisee shall not take any action which may injure the goodwill associated with the Marks.

ARTICLE 8. SUPPLIERS AND VENDORS

8.1 Generally. Franchisee shall acquire all Inputs required by XGF from time to time in accordance with System Standards. XGF may require Franchisee to purchase or lease any Inputs from XGF, XGF's designee, Required Vendors, Approved Vendors, and/or under XGF's specifications. XGF may change any such requirement or change the status of any vendor. To make such requirement or change effective, XGF shall issue the appropriate System Standards.

8.2 Simulators. Without limiting the generality of Section 8.1, Franchisee acknowledges that it must purchase X-Golf simulators (and associated installation and maintenance services) only from X GOLF America, Inc., or any successor thereto. Franchisee must operate at least six X-Golf simulators.

8.3 Alternate Vendor Approval. If XGF requires Franchisee to purchase a particular Input only from an Approved Vendor or Required Vendor, and Franchisee desires to purchase the Input from another vendor, then Franchisee must submit a written request for approval and any information, specifications and/or samples requested by XGF. XGF may approve or disapprove the alternative vendor in its sole discretion. XGF may condition its approval on such criteria as XGF deems appropriate, which may include evaluations of the vendor's capacity, quality, financial stability, reputation, and reliability; inspections; product testing, and performance reviews. XGF will provide Franchisee with written notification of the approval or disapproval of any proposed new vendor within 30 days after receipt of Franchisee's request.

8.4 Alternate Input Approval. If XGF requires Franchisee to purchase a particular Input, and Franchisee desires to purchase an alternate to the Input, then Franchisee must submit a written request for approval and any information, specifications and/or samples requested by XGF. XGF may approve or disapprove the alternative Input in its sole discretion. XGF will provide Franchisee with written notification of the approval or disapproval of any proposed alternate Input within 30 days after receipt of Franchisee's request.

8.5 Purchasing. XGF may negotiate prices and terms with vendors on behalf of the System. XGF may receive rebates, payments or other consideration from vendors in connection with purchases by franchisees. XGF has the right (but not the obligation) to collect payments from Franchisee on behalf of a vendor and remit the payments to the vendor, and impose a reasonable markup or charge for administering the payment program. XGF may implement a centralized purchasing system. XGF may establish a purchasing cooperative and require Franchisee to join and participate in the purchasing cooperative on such terms and conditions as XGF may determine.

8.6 No Liability of Franchisor. XGF shall not have any liability to Franchisee for any claim or loss related to any product provided or service performed by any Approved Vendor or Required Vendor, including without limitation defects, delays, or unavailability of products or services.

8.7 Product Recalls. If XGF or any vendor, supplier, or manufacturer of an item used or sold in Franchisee's Business issues a recall of such item or otherwise notifies Franchisee that such item is defective or dangerous, Franchisee shall immediately cease using or selling such item,

and Franchisee shall at its own expense comply with all instructions from XGF or the vendor, supplier, or manufacturer of such item with respect to such item, including without limitation the recall, repair, and/or replacement of such item. If the recall or notice of defect is with respect to an XGolf simulator, and if Franchisee has complied with the applicable policies and procedures of X GOLF America, Inc., then X GOLF America, Inc. will bear the cost of such recall, repair, and/or replacement.

ARTICLE 9. MARKETING

9.1 Approval and Implementation. Franchisee shall not conduct any marketing, advertising, or public relations activities (including in-store marketing materials, websites, online advertising, social media marketing or presence, and sponsorships) that have not been approved by XGF. XGF may (but is not obligated to) operate all “social media” accounts on behalf of the System, or it may permit franchisees to operate one or more accounts. Franchisee must comply with any System Standards regarding marketing, advertising, and public relations, including any social media policy that XGF may prescribe. Franchisee shall implement any marketing plans or campaigns determined by XGF.

9.2 Use by XGF. XGF may use any marketing materials or campaigns developed by or on behalf of Franchisee, and Franchisee hereby grants an unlimited, royalty-free license to XGF for such purpose.

9.3 Marketing Fund. XGF may establish a Marketing Fund to promote the System on a local, regional, national, and/or international level. If XGF has established a Marketing Fund:

(a) Separate Account. XGF shall hold the Marketing Fund Contributions from all franchisees in one or more bank accounts separate from XGF’s other accounts.

(b) Use. XGF shall use the Marketing Fund only for marketing, advertising, and public relations materials, programs and campaigns (including at local, regional, national, and/or international level), and related overhead. The foregoing includes such activities and expenses as XGF reasonably determines, and may include, without limitation: development and placement of advertising and promotions; sponsorships; contests and sweepstakes; development of décor, trade dress, Marks, and/or branding; development and maintenance of brand websites; social media; internet activities; e-commerce programs; search engine optimization; market research; public relations, media or agency costs; trade shows and other events; printing and mailing; and administrative and overhead expenses related to the Marketing Fund (including the compensation of XGF’s employees working on marketing and for accounting, bookkeeping, reporting, legal and other expenses related to the Marketing Fund).

(c) Discretion. Franchisee agrees that expenditures from the Marketing Fund need not be proportionate to contributions made by Franchisee or provide any direct or indirect benefit to Franchisee. The Marketing Fund will be spent at XGF’s sole discretion, and XGF has no fiduciary duty with regard to the Marketing Fund.

(d) Contribution by Other Outlets. XGF is not obligated to (i) have all other X-Golf businesses (whether owned by other franchisees or by XGF or its affiliates) contribute to the

Marketing Fund, or (ii) have other X-Golf businesses that do contribute to the Marketing Fund contribute the same amount or at the same rate as Franchisee.

(e) Surplus or Deficit. XGF may accumulate funds in the Marketing Fund and carry the balance over to subsequent years. If the Marketing Fund operates at a deficit or requires additional funds at any time, XGF may loan such funds to the Marketing Fund on reasonable terms.

(f) Financial Statement. XGF shall prepare an unaudited annual financial statement of the Marketing Fund within 120 days of the close of XGF's fiscal year and will provide the financial statement to Franchisee upon request.

9.4 Market Cooperatives. XGF may establish market advertising and promotional cooperative funds ("Market Cooperative") in any geographical areas. If a Market Cooperative for the geographic area encompassing the Location has been established at the time Franchisee commences operations hereunder, Franchisee shall immediately become a member of such Market Cooperative. If a Market Cooperative for the geographic area encompassing the Location is established during the term of this Agreement, Franchisee shall become a member of such Market Cooperative within 30 days of notice from XGF. XGF shall not require Franchisee to be a member of more than one Market Cooperative. If XGF establishes a Market Cooperative:

(a) Governance. Each Market Cooperative will be organized and governed in a form and manner, and shall commence operations on a date, determined by XGF. XGF may require the Market Cooperative to adopt bylaws or regulations prepared by XGF. Unless otherwise specified by XGF, the activities carried on by each Market Cooperative shall be decided by a majority vote of its members. XGF will be entitled to attend and participate in any meeting of a Market Cooperative. Any X-Golf business owned by XGF in the Market Cooperative shall have the same voting rights as those owned by its franchisees. Each Business owner will be entitled to cast one vote for each Business owned, provided, however, that a franchisee shall not be entitled to vote if it is in default under its franchise agreement. If the members of a Market Cooperative are unable or fail to determine the manner in which Market Cooperative monies will be spent, XGF may assume this decision-making authority after 10 days' notice to the members of the Market Cooperative.

(b) Purpose. Each Market Cooperative shall be devoted exclusively to administering regional advertising and marketing programs and developing (subject to XGF's approval) standardized promotional materials for use by the members in local advertising and promotion.

(c) Approval. No advertising or promotional plans or materials may be used by a Market Cooperative or furnished to its members without the prior approval of XGF pursuant to Section 9.1. XGF may designate the national or regional advertising agencies used by the Market Cooperative.

(d) Funding. The majority vote of the Market Cooperative will determine the dues to be paid by members of the Market Cooperative, including Franchisee, but not less than 1% and not more than 5% of Gross Sales.

(e) Enforcement. Only XGF will have the right to enforce the obligations of franchisees who are members of a Market Cooperative to contribute to the Market Cooperative.

(f) Termination. XGF may terminate any Market Cooperative. Any funds left in a Market Cooperative upon termination will be returned to the former members.

9.5 Required Spending. Franchisee shall spend at least 5% of Gross Sales each fiscal quarter on marketing the Business. Upon request of XGF, Franchisee shall furnish proof of its compliance with this Section. XGF has the discretion to determine in good faith what activities constitute “marketing” under this Section. If Franchisee contributes to a Market Cooperative, the amount of the contribution will be counted towards Franchisee’s required spending under this Section.

9.6 Market Introduction Plan. Franchisee must develop a market introduction plan and obtain XGF’s approval of the plan at least 30 days before the projected opening date of the Business.

ARTICLE 10. RECORDS AND REPORTS

10.1 Systems. Franchisee shall use such customer data management, sales data management, administrative, bookkeeping, accounting, and inventory control procedures and systems as XGF may specify in the Manual or otherwise in writing.

10.2 Reports.

(a) Financial Reports. Franchisee shall provide such periodic financial reports as XGF may require in the Manual or otherwise in writing, including:

- (i) a monthly profit and loss statement and balance sheet for the Business within 30 days after the end of each month;
- (ii) an annual financial statement (including profit and loss statement, cash flow statement, and balance sheet) for the Business within 90 days after the end of each calendar year; and
- (iii) any information XGF requests in order to prepare a financial performance representation for XGF’s franchise disclosure document.

(b) Legal Actions and Investigations. Franchisee shall promptly notify XGF of any Action or threatened Action by any customer, governmental authority, or other third party against Franchisee or the Business, or otherwise involving the Franchisee or the Business. Franchisee shall provide such documents and information related to any such Action as XGF may request.

(c) Government Inspections. Franchisee shall give XGF copies of all inspection reports, warnings, certificates, and ratings issued by any governmental entity with respect to the Business, within three days of Franchisee’s receipt thereof.

(d) **Other Information.** Franchisee shall submit to XGF such other financial statements, budgets, forecasts, reports, records, copies of contracts, documents related to litigation, tax returns, copies of governmental permits, and other documents and information related to the Business as specified in the Manual or that XGF may reasonably request.

10.3 Initial Investment Report. Within 120 days after opening for business, Franchisee shall submit to XGF a report detailing Franchisee's investment costs to develop and open the Business, with costs allocated to the categories described in Item 7 of XGF's Franchise Disclosure Document and with such other information as XGF may request.

10.4 Business Records. Franchisee shall keep complete and accurate books and records reflecting all expenditures and receipts of the Business, with supporting documents (including, but not limited to, payroll records, payroll tax returns, register receipts, production reports, sales invoices, bank statements, deposit receipts, cancelled checks and paid invoices) for at least three years. Franchisee shall keep such other business records as XGF may specify in the Manual or otherwise in writing.

10.5 Records Audit. XGF may examine and audit all books and records related to the Business, and supporting documentation, at any reasonable time. XGF may conduct the audit at the Location and/or require Franchisee to deliver copies of books, records and supporting documentation to a location designated by XGF. Franchisee shall also reimburse XGF for all costs and expenses of the examination or audit if (i) XGF conducted the audit because Franchisee failed to submit required reports or was otherwise not in compliance with the System, or (ii) the audit reveals that Franchisee understated Gross Sales by 3% or more for any 4-week period.

ARTICLE 11. FRANCHISOR RIGHTS

11.1 Manual; Modification. The Manual, and any part of the Manual, may be in any form or media determined by XGF. XGF may supplement, revise, or modify the Manual, and XGF may change, add or delete System Standards at any time in its discretion. XGF may inform Franchisee thereof by any method that XGF deems appropriate (which need not qualify as "notice" under Section 18.9). In the event of any dispute as to the contents of the Manual, XGF's master copy will control.

11.2 Inspections. XGF may enter the premises of the Business from time to time during normal business hours and conduct an inspection. Franchisee shall cooperate with XGF's inspectors. The inspection may include, but is not limited to, observing operations, conducting a physical inventory, evaluating physical conditions, monitoring sales activity, speaking with employees and customers, and removing samples of products, supplies and materials. XGF may videotape and/or take photographs of the inspection and the Business. XGF may set a minimum score requirement for inspections, and Franchisee's failure to meet or exceed the minimum score will be a default under this Agreement. Without limiting XGF's other rights under this Agreement, Franchisee will, as soon as reasonably practical, correct any deficiencies noted during an inspection. If XGF conducts an inspection because of a governmental report, customer complaint or other customer feedback, or a default or non-compliance with any System Standard

by Franchisee (including following up a previous failed inspection), then XGF may charge all out-of-pocket expenses plus its then-current inspection fee to Franchisee.

11.3 XGF's Right to Cure. If Franchisee breaches or defaults under any provision of this Agreement, XGF may (but has no obligation to) take any action to cure the default on behalf of Franchisee, without any liability to Franchisee. Franchisee shall reimburse XGF for its costs and expenses (including the allocation of any internal costs) for such action, plus 10% as an administrative fee.

11.4 Business Data. All customer data and other non-public data generated by the Business is Confidential Information and is exclusively owned by XGF. XGF hereby licenses such data back to Franchisee without charge solely for Franchisee's use in connection with the Business for the term of this Agreement.

11.5 Innovations. Franchisee shall disclose to XGF all ideas, plans, improvements, concepts, methods, and techniques relating to the Business (collectively, "Innovations") conceived or developed by Franchisee or its employees, agents, or contractors. XGF will automatically own all Innovations, and it will have the right to use and incorporate any Innovations into the System, without any compensation to Franchisee. Franchisee shall execute any documents reasonably requested by XGF to document XGF's ownership of Innovations.

11.6 Communication Systems. If XGF provides email accounts and/or other communication systems to Franchisee, then Franchisee acknowledges that it has no expectation of privacy in the assigned email accounts and other communications systems, and authorizes XGF to access such communications.

11.7 Communication with Employees. Franchisee irrevocably authorizes XGF to communicate with Franchisee's employees and contractors on any matter related to the System or the Business. Franchisee will not prohibit any employee or contractor from communicating with XGF on any matter related to the System or the Business.

11.8 Delegation. XGF may delegate any duty or obligation of XGF under this Agreement to an affiliate or to a third party.

11.9 System Variations. XGF may vary or waive any System Standard for any one or more X-Golf franchises due to the peculiarities of the particular site or circumstances, density of population, business potential, population of trade area, existing business practices, applicable laws or regulations, or any other condition relevant to the performance of a franchise or group of franchises. Franchisee is not entitled to the same variation or waiver.

11.10 Temporary Public Safety Closure. If XGF discovers or becomes aware of any aspect of the Business which, in XGF's opinion, constitutes an imminent danger to the health or safety of any person, then immediately upon XGF's order, Franchisee must temporarily cease operations of the Business and remedy the dangerous condition. XGF shall have no liability to Franchisee or any other person for action or failure to act with respect to a dangerous condition.

ARTICLE 12. MARKS

12.1 Authorized Marks. Franchisee shall use no trademarks, service marks or logos in connection with the Business other than the Marks. Franchisee shall use all Marks specified by XGF, and only in the manner as XGF may require. Franchisee has no rights in the Marks other than the right to use them in the operation of the Business in compliance with this Agreement. All use of the Marks by Franchisee and any goodwill associated with the Marks, including any goodwill arising due to Franchisee's operation of the Business, will inure to the exclusive benefit of XGF.

12.2 Change of Marks. XGF may add, modify, or discontinue any Marks to be used under the System. Within a reasonable time after XGF makes any such change (not to exceed 90 days), Franchisee must comply with the change, at Franchisee's expense.

12.3 Infringement.

(a) Defense of Franchisee. If Franchisee has used the Marks in accordance with this Agreement, then (i) XGF shall defend Franchisee (at XGF's expense) against any Action by a third party alleging infringement by Franchisee's use of a Mark, and (ii) XGF shall indemnify Franchisee for expenses and damages if the Action is resolved unfavorably to Franchisee.

(b) Infringement by Third Party. Franchisee shall promptly notify XGF if Franchisee becomes aware of any possible infringement of a Mark by a third party. XGF may, in its sole discretion, commence or join any claim against the infringing party.

(c) Control. XGF shall have the exclusive right to control any prosecution or defense of any Action related to possible infringement of or by the Marks.

12.4 Name. If Franchisee is an entity, it shall not use the words "X-Golf", "XGolf" or any confusingly similar words in its legal name

ARTICLE 13. COVENANTS

13.1 Confidential Information. With respect to all Confidential Information, Franchisee shall (a) adhere to all procedures prescribed by XGF for maintaining confidentiality, (b) disclose such information to its employees only to the extent necessary for the operation of the Business, (c) not use any such information in any other business or in any manner not specifically authorized in writing by XGF, (d) exercise the highest degree of diligence and effort to maintain the confidentiality of all such information during and after the term of this Agreement, (e) not copy or otherwise reproduce any Confidential Information, and (f) promptly report any unauthorized disclosure or use of Confidential Information. Franchisee acknowledges that all Confidential Information is owned by XGF (except for Confidential Information which XGF licenses from another person or entity). This Section will survive the termination or expiration of this Agreement indefinitely.

13.2 Covenants Not to Compete.

(a) Restriction – In Term. During the term of this Agreement, neither Franchisee, any Owner, nor any spouse or other immediate family member of an Owner (the “Restricted Parties”) shall directly or indirectly have any ownership interest in, lend money or provide financial assistance to, provide any services to, or be employed by, any Competitor.

(b) Restriction – Post Term. For two years after this Agreement expires or is terminated for any reason (or, if applicable, for two years after a Transfer), no Restricted Party shall directly or indirectly have any ownership interest in, lend money or provide financial assistance to, provide any services to, or be employed by, any Competitor within five miles of Franchisee’s Territory or the territory of any other X-Golf business operating on the date of expiration, termination, or transfer, as applicable. If this Agreement is terminated before the Territory is determined, then the area of non-competition will be the Development Area and the territory of any other XGolf business operating on the date of termination

(c) Interpretation. The parties agree that each of the foregoing covenants is independent of any other covenant or provision of this Agreement. If all or any portion of the covenants in this Section is held to be unenforceable or unreasonable by any arbitrator or court, then the parties intend that the arbitrator or court modify such restriction to the extent reasonably necessary to protect the legitimate business interests of XGF. Franchisee agrees that the existence of any claim it may have against XGF shall not constitute a defense to the enforcement by XGF of the covenants of this Section. If a Restricted Party fails to comply with the obligations under this Section during the restrictive period, then the restrictive period will be extended an additional day for each day of noncompliance.

13.3 General Manager and Key Employees. If requested by XGF, Franchisee shall cause its general manager and other key employees reasonably designated by XGF to sign XGF’s then-current form of confidentiality and non-compete agreement (unless prohibited by applicable law).

ARTICLE 14. DEFAULT AND TERMINATION

14.1 Termination by Franchisee. Franchisee may terminate this Agreement only if XGF violates a material provision of this Agreement and fails to cure or to make substantial progress toward curing the violation within 30 days after receiving written notice from Franchisee detailing the alleged default. Termination by Franchisee is effective 10 days after XGF receives written notice of termination.

14.2 Termination by XGF.

(a) Subject to 10-Day Cure Period. XGF may terminate this Agreement if Franchisee does not make any payment to XGF when due, or if Franchisee does not have sufficient funds in its account when XGF attempts an electronic funds withdrawal, and Franchisee fails to cure such non-payment within 10 days after XGF gives notice to Franchisee of such breach.

(b) Subject to 30-Day Cure Period. If Franchisee breaches this Agreement in any manner not described in subsection (a) or (c), and Franchisee fails to cure such breach to XGF’s satisfaction within 30 days after XGF gives notice to Franchisee of such breach, then XGF may terminate this Agreement.

- (c) Without Cure Period. XGF may terminate this Agreement by giving notice to Franchisee, without opportunity to cure, if any of the following occur:
- (i) Franchisee misrepresented or omitted material facts when applying to be a franchisee, or breaches any representation in this Agreement;
 - (ii) Franchisee knowingly submits any false report or knowingly provides any other false information to XGF;
 - (iii) a receiver or trustee for the Business or all or substantially all of Franchisee's property is appointed by any court, or Franchisee makes a general assignment for the benefit of Franchisee's creditors, or Franchisee is unable to pay its debts as they become due, or a levy or execution is made against the Business, or an attachment or lien remains on the Business for 30 days unless the attachment or lien is being duly contested in good faith by Franchisee, or a petition in bankruptcy is filed by Franchisee, or such a petition is filed against or consented to by Franchisee and the petition is not dismissed within 45 days, or Franchisee is adjudicated as bankrupt;
 - (iv) Franchisee fails to open for business by the date specified on the Summary Page;
 - (v) Franchisee loses possession of the Location;
 - (vi) Franchisee or any Owner commits a material violation of Section 7.2 (compliance with laws) or Section 13.1 (confidentiality), violates Section 13.2 (non-compete) or Article 15 (transfer), or commits any other violation of this Agreement which by its nature cannot be cured;
 - (vii) Franchisee abandons or ceases operation of the Business for more than 10 consecutive days;
 - (viii) Franchisee or any Owner slanders or libels XGF or any of its employees, directors, or officers;
 - (ix) Franchisee refuses to cooperate with or permit any audit or inspection by XGF or its agents or contractors, or otherwise fails to comply with Section 10.5 or Section 11.2;
 - (x) the Business is operated in a manner which, in XGF's reasonable judgment, constitutes a significant danger to the health or safety of any person, and Franchisee fails to cure such danger within 48 hours after becoming aware of the danger (due to notice from XGF or otherwise);
 - (xi) Franchisee fails to meet the health inspection standards described in Section 7.2(b) two or more times in any 36-month period;
 - (xii) Franchisee or any Owner is charged with, pleads guilty or non-contest to, or is convicted of a felony;

- (xiii) Franchisee or any Owner is accused by any governmental authority or third party of any act, or Franchisee or any Owner commits any act or series of acts, that in XGF's opinion is reasonably likely to materially and unfavorably affect the X GOLF brand;
- (xiv) Franchisee has received two or more notices of default and Franchisee commits another breach of this Agreement, all in the same 12-month period; or
- (xv) XGF (or any affiliate) terminates any other agreement with Franchisee (or any affiliate) due to the breach of such other agreement by Franchisee (or its affiliate).

14.3 Effect of Termination. Upon termination or expiration of this Agreement, all obligations that by their terms or by reasonable implication survive termination, including those pertaining to non-competition, confidentiality, indemnity, and dispute resolution, will remain in effect, and Franchisee must immediately:

- (i) pay all amounts owed to XGF based on the operation of the Business through the effective date of termination or expiration;
- (ii) return to XGF all copies of the Manual, Confidential Information and any and all other materials provided by XGF to Franchisee or created by a third party for Franchisee relating to the operation of the Business, and all items containing any Marks, copyrights, and other proprietary items; and delete all Confidential Information and proprietary materials from electronic devices;
- (iii) notify the telephone, internet, email, electronic network, directory, and listing entities of the termination or expiration of Franchisee's right to use any numbers, addresses, domain names, locators, directories and listings associated with any of the Marks, and authorize their transfer to XGF or any new franchisee as may be directed by XGF, and Franchisee hereby irrevocably appoints XGF, with full power of substitution, as its true and lawful attorney-in-fact, which appointment is coupled with an interest; to execute such directions and authorizations as may be necessary or appropriate to accomplish the foregoing; and
- (iv) cease doing business under any of the Marks.

14.4 Remove Identification. Within 30 days after termination or expiration, Franchisee shall at its own expense "de-identify" the Location so that it no longer contains the Marks, signage, or any trade dress of an X-Golf business, to the reasonable satisfaction of XGF. Franchisee shall comply with any reasonable instructions and procedures of XGF for de-identification. If Franchisee fails to do so within 30 days after this Agreement expires or is terminated, XGF may enter the Location to remove the Marks and de-identify the Location. In this event, XGF will not be charged with trespass nor be accountable or required to pay for any assets removed or altered, or for any damage caused by XGF.

14.5 Other Claims. Termination of this Agreement by XGF will not affect or discharge any claims, rights, causes of action, or remedies which XGF may have against Franchisee, whether arising before or after termination.

14.6 Purchase Option. When this Agreement expires or is terminated, XGF will have the right (but not the obligation) to purchase any or all of the assets related to the Business at fair market value, and/or to require Franchisee to assign its lease or sublease to XGF (subject to approval of the landlord). To exercise this option, XGF must notify Franchisee no later than 30 days after this Agreement expires or is terminated. If the parties cannot agree on fair market value within 30 days after the exercise notice, the fair market value will be determined by an independent appraiser reasonably acceptable to both parties. The parties will equally share the cost of the appraisal. XGF's purchase will be of assets only (free and clear of all liens), and will not include any liabilities of Franchisee. If XGF exercises the purchase option, XGF may deduct from the purchase price: (a) all amounts due from Franchisee; (b) Franchisee's portion of the cost of any appraisal conducted hereunder; and (c) amounts paid or to be paid by XGF to cure defaults under Franchisee's lease and/or amounts owed by Franchisee to third parties. If any of the assets are subject to a lien, XGF may pay a portion of the purchase price directly to the lienholder to pay off such lien. XGF may withhold 25% of the purchase price for 90 days to ensure that all of Franchisee's taxes and other liabilities are paid. XGF may assign this purchase option to another party.

ARTICLE 15. TRANSFERS

15.1 By XGF. XGF may transfer or assign this Agreement, or any of its rights or obligations under this Agreement, to any person or entity, and XGF may undergo a change in ownership and/or control, without the consent of Franchisee.

15.2 By Franchisee. Franchisee acknowledges that the rights and duties set forth in this Agreement are personal to Franchisee and that XGF entered into this Agreement in reliance on Franchisee's business skill, financial capacity, personal character, experience, and business ability. Accordingly, Franchisee shall not conduct or undergo a Transfer without providing XGF at least 60 days' prior notice of the proposed Transfer, and without obtaining XGF's consent (which will not be unreasonably withheld). In granting any such consent, XGF may impose conditions, including, without limitation, the following:

- (i) XGF receives a transfer fee equal to \$10,000;
- (ii) if a franchise sales broker engaged by XGF introduced the Transferee to Franchisee, then Franchisee will be responsible for the broker's commission;
- (iii) the proposed Transferee and its owners have completed XGF's franchise application processes, meet XGF's then-applicable standards for new franchisees, and have been approved by XGF as franchisees;
- (iv) the proposed Transferee is not a Competitor;
- (v) the proposed Transferee executes XGF's then-current form of franchise agreement and any related documents, which may contain materially different provisions than this Agreement;
- (vi) all owners of the proposed Transferee provide a guaranty in accordance with Section 2.5;

- (vii) Franchisee has paid all monetary obligations to XGF and its affiliates, and to any lessor, vendor, supplier, or lender to the Business, and Franchisee is not otherwise in default or breach of this Agreement or of any other obligation owed to XGF or its affiliates;
- (viii) the proposed Transferee and its owners and employees undergo such training as XGF may require;
- (ix) Franchisee, its Owners, and the transferee and its owners execute a general release of XGF in a form satisfactory to XGF; and
- (x) the Business fully complies with all of XGF's most recent System Standards.

15.3 Transfer for Convenience of Ownership. If Franchisee is an individual, Franchisee may Transfer this Agreement to a corporation or limited liability company formed for the convenience of ownership after at least 15 days' notice to XGF, if, prior to the Transfer: (1) the transferee provides the information required by Section 2.3; (2) Franchisee provides copies of the entity's charter documents, by-laws (or operating agreement) and similar documents, if requested by XGF, (3) Franchisee owns all voting securities of the corporation or limited liability company, and (4) Franchisee provides a guaranty in accordance with Section 2.5.

15.4 Transfer upon Death or Incapacity. Upon the death or incapacity of Franchisee (or, if Franchisee is an entity, the Owner with the largest ownership interest in Franchisee), the executor, administrator, or personal representative of that person must Transfer the Business to a third party approved by XGF (or to another person who was an Owner at the time of death or incapacity of the largest Owner) within nine months after death or incapacity. Such transfer must comply with Section 15.2.

15.5 XGF's Right of First Refusal. Before Franchisee (or any Owner) engages in a Transfer (except under Section 15.3, to a co-Owner, or to a spouse, sibling, or child of an Owner), XGF will have a right of first refusal, as set forth in this Section. Franchisee (or its Owners) shall provide to XGF a copy of the terms and conditions of any Transfer. For a period of 30 days from the date of XGF's receipt of such copy, XGF will have the right, exercisable by notice to Franchisee, to purchase the assets subject of the proposed Transfer for the same price and on the same terms and conditions. If XGF does not exercise its right of first refusal, Franchisee may proceed with the Transfer, subject to the other terms and conditions of this Article.

15.6 No Sublicense. Franchisee has no right to sublicense the Marks or any of Franchisee's rights under this Agreement.

15.7 No Lien on Agreement. Franchisee shall not grant a security interest in this Agreement to any person or entity. If Franchisee grants an "all assets" security interest to any lender or other secured party, Franchisee shall cause the secured party to expressly exempt this Agreement from the security interest.

ARTICLE 16. INDEMNITY

16.1 Indemnity. Franchisee shall indemnify and defend (with counsel reasonably acceptable to XGF) XGF, its parent entities, subsidiaries and affiliates, and their respective owners, directors, officers, employees, agents, successors and assignees (collectively, “Indemnitees”) against all Losses in any Action by or against XGF and/or any Indemnatee directly or indirectly related to, or alleged to arise out of, the operation of the Business. Notwithstanding the foregoing, Franchisee shall not be obligated to indemnify an Indemnatee from claims arising as a result of any Indemnatee’s intentional misconduct or negligence. Any delay or failure by an Indemnatee to notify Franchisee of an Action shall not relieve Franchisee of its indemnity obligation except to the extent (if any) that such delay or failure materially prejudices Franchisee. Franchisee shall not settle an Action without the consent of the Indemnatee. This indemnity will continue in effect after this Agreement ends.

16.2 Assumption. An Indemnatee may elect to assume the defense of any Action subject to this indemnification, and control all aspects of defending the Action, including negotiations and settlement, at Franchisee’s expense. Such an undertaking shall not diminish Franchisee’s obligation to indemnify the Indemnitees.

ARTICLE 17. DISPUTE RESOLUTION

17.1 Arbitration.

(a) Disputes Subject to Arbitration. Except as expressly provided in subsections (c) and (d), any controversy or claim between the parties (including any controversy or claim arising out of or relating to this Agreement or its formation, and including any question of arbitrability) shall be resolved by arbitration administered by the American Arbitration Association in accordance with its Commercial Arbitration Rules, including the Optional Rules for Emergency Measures of Protection. Judgment on the award rendered by the arbitrator may be entered in any court having jurisdiction.

(b) Location. The place of arbitration shall be the city and state where XGF’s headquarters are located.

(c) Injunctive Relief. Either party may apply to the arbitrator seeking injunctive relief until the arbitration award is rendered or the controversy is otherwise resolved. Either party also may, without waiving any remedy or right to arbitrate under this Agreement, seek from any court having jurisdiction any interim or provisional injunctive relief.

(d) Intellectual Property Claims. Either party may bring a claim involving an alleged infringement of any of XGF’s intellectual property rights in a court authorized to hear such claims under Section 17.5 of this Agreement.

(e) Confidentiality. All documents, information, and results pertaining to any arbitration or lawsuit will be confidential, except as required by law or as required for XGF to comply with laws and regulations applicable to the sale of franchises.

(f) Performance During Arbitration or Litigation. Unless this Agreement has been terminated, XGF and Franchisee will comply with this Agreement and perform their respective obligations under this Agreement during the arbitration or litigation process.

17.2 Damages. In any controversy or claim arising out of or relating to this Agreement, each party waives any right to punitive or other monetary damages not measured by the prevailing party's actual damages, except damages authorized by federal statute. In the event of termination of this Agreement prior to the expiration of the term due to Franchisee's default, Franchisee will be liable for XGF's actual damages.

17.3 Waiver of Class Actions. The parties agree that any claims will be arbitrated, litigated, or otherwise resolved on an individual basis, and waive any right to act on a class-wide basis.

17.4 Time Limitation. Any arbitration or other legal action arising from or related to this Agreement must be instituted within two years from the date such party discovers the conduct or event that forms the basis of the arbitration or other legal action. The foregoing time limit does not apply to claims (i) by one party related to non-payment under this Agreement by the other party, (ii) for indemnity under Article 16, or (iii) related to unauthorized use of Confidential Information or the Marks.

17.5 Venue Other Than Arbitration. For any legal proceeding not required to be submitted to arbitration, the parties agree that any such legal proceeding will be brought in the United States District Court where XGF's headquarters is then located. If there is no federal jurisdiction over the dispute, the parties agree that any such legal proceeding will be brought in the court of record of the state and county where XGF's headquarters is then located. Each party consents to the jurisdiction of such courts and waives any objection that it, he or she may have to the laying of venue of any proceeding in any of these courts.

17.6 Legal Costs. In any legal proceeding (including arbitration) related to this Agreement or any guaranty, the non-prevailing party shall pay the prevailing party's attorney fees, costs and other expenses of the legal proceeding. "Prevailing party" means the party, if any, which prevailed upon the central litigated issues and obtained substantial relief.

17.7 Franchisor Personnel. The provisions of this Article 17 will apply to any Action by Franchisee or its Owners against XGF's officers, directors, shareholders, members, employees, and/or agents. Nothing in this Agreement authorizes any Action against XGF's officers, directors, shareholders, members, employees, and/or agents or makes those persons liable for XGF's conduct.

ARTICLE 18. MISCELLANEOUS

18.1 Relationship of the Parties. The parties are independent contractors, and neither is the agent, partner, joint venturer, or employee of the other. XGF is not a fiduciary of Franchisee. XGF does not control or have the right to control Franchisee or its Business. Any required specifications and standards in this Agreement and in the System Standards exist to protect XGF's interest in the System and the Marks, and the goodwill established in them, and not for the purpose of establishing any control, or duty to take control, over the Business. XGF has no liability for Franchisee's obligations to any third party whatsoever.

18.2 No Third Party Beneficiaries. Except as stated in Article 16 or Article 17, this Agreement does not confer any rights or remedies upon any person or entity other than Franchisee, XGF, and XGF's affiliates.

18.3 Entire Agreement. This Agreement constitutes the entire agreement of the parties and supersedes all prior negotiations and representations. Nothing in this Agreement or in any related agreement is intended to disclaim the representations made by XGF in its franchise disclosure document.

18.4 Modification. No modification or amendment of this Agreement will be effective unless it is in writing and signed by both parties. This provision does not limit XGF's rights to modify the Manual or System Standards.

18.5 Consent; Waiver. No consent under this Agreement, and no waiver of satisfaction of a condition or nonperformance of an obligation under this Agreement will be effective unless it is in writing and signed by the party granting the consent or waiver. No waiver by a party of any right will affect the party's rights as to any subsequent exercise of that right or any other right. No delay, forbearance or omission by a party to exercise any right will constitute a waiver of such right.

18.6 Cumulative Remedies. Rights and remedies under this Agreement are cumulative. No enforcement of a right or remedy precludes the enforcement of any other right or remedy.

18.7 Severability. The parties intend that (i) if any provision of this Agreement is held by an arbitrator or court to be unenforceable, then that provision be modified to the minimum extent necessary to make it enforceable, unless that modification is not permitted by law, in which case that provision will be disregarded, and (ii) if an unenforceable provision is modified or disregarded, then the rest of this Agreement will remain in effect as written.

18.8 Governing Law. The laws of the state of California (without giving effect to its principles of conflicts of law) govern all adversarial proceedings between the parties. Solely with respect to the non-competition covenants of Section 13.2, the parties agree that the laws of the state where Franchisee is located shall apply, and not California law. The parties agree that any California law for the protection of franchisees or business opportunity purchasers (including (including the California Franchise Investment Law and California Franchise Relations Act) will not apply unless its jurisdictional requirements are met independently without reference to this Section 18.8.

18.9 Notices. Any notice will be effective under this Agreement only if made in writing and delivered as set forth in this Section to: (A) if to Franchisee, addressed to Franchisee at the notice address set forth in the Summary Page; and (B) if to XGF, addressed to 24416 Main St., Ste 301, Carson, CA 90745. Any party may designate a new address for notices by giving notice of the new address pursuant to this Section. Notices will be effective upon receipt (or first rejection) and must be: (1) delivered personally; (2) sent by registered or certified U.S. mail with return receipt requested; or (3) sent via overnight courier. Notwithstanding the foregoing, XGF may amend the Manual, give binding notice of changes to System Standards, and deliver notices of default by electronic mail or other electronic communication.

18.10 Holdover. If Franchisee continues operating the Business after the expiration of the term without a renewal agreement or successor franchise agreement executed by the parties in accordance with Section 3.2, then at any time (regardless of any course of dealing by the parties), XGF may by giving written notice to Franchisee (the “Holdover Notice”) either (i) require Franchisee to cease operating the Business and comply with all post-closing obligations effective immediately upon giving notice or effective on such other date as XGF specifies, or (ii) bind Franchisee to a renewal term of five years, and deem Franchisee and its Owners to have made the general release of liability described in Section 3.2(vi).

18.11 Force Majeure. If either party is unable to perform an obligation due to riots, terrorist act, war, disaster (such as an earthquake, hurricane, or tornado), health emergency (such as epidemics, pandemic, and quarantines), or any other acts of God or nature beyond the reasonable control of such party, performance by such party of such obligation shall be excused for so long as such condition exists (but not longer than 180 days).

18.12 Release. By executing this Agreement, Franchisee (on behalf of itself and its Owners), releases XGF, its affiliates, and their respective directors, officers, shareholders, employees, franchise sellers, representatives, and agents (collectively, the “Released Parties”) from any and all claims, causes of action, suits, and other liabilities, of whatever nature, known or unknown, which Franchisee or any Owner now has or ever had against any Released Party based upon and/or arising out of events that occurred through the date hereof, including without limitation, anything arising out of any prior franchise agreement, and (to the extent permitted by law) all claims arising under franchise, business opportunity, or securities laws of the United States or any state thereof. This release shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law. A release or waiver of rights executed by a franchisee shall not include rights under the Washington Franchise Investment Protection Act except when executed pursuant to a negotiated settlement after the franchise agreement is in effect and where the parties are represented by independent counsel.

18.13 Joint and Several Liability. If two or more people sign this Agreement as “Franchisee”, each will have joint and several liability.

18.14 No Offer and Acceptance. Delivery of a draft of this Agreement to Franchisee by XGF does not constitute an offer. This Agreement shall not be effective unless and until it is executed by both Franchisee and XGF.

ARTICLE 19. CERTIFICATION OF FRANCHISOR’S COMPLIANCE

By signing this Agreement, Franchisee acknowledges the following:

- (1) Franchisee understands all the information in XGF’s Disclosure Document.
- (2) Franchisee understands the success or failure of the 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, lease terms and the marketplace.

- (3) That no person acting on XGF's behalf made any statement or promise regarding the costs involved in operating an X-Golf franchise that is not in the Disclosure Document or that is contrary to, or different from, the information in the Disclosure Document.
- (4) That no person acting on XGF's behalf made any claim or representation to Franchisee, orally, visually, or in writing, that contradicted the information in the Disclosure Document.
- (5) That no person acting on XGF'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 an X-Golf franchise will generate, that is not in the Disclosure Document or that is contrary to, or different from, the information in the Disclosure Document.
- (6) That no person acting on XGF'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.
- (7) Franchisee understands that this Agreement contains the entire agreement between XGF and Franchisee concerning the X-Golf franchise, 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.

[Signatures on next page]

Agreed to by:

FRANCHISOR:

X GOLF FRANCHISE CORPORATION

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

FRANCHISEE:

[if an individual:]

Name: _____
Date: _____

[if an entity:]

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

(Check if applicable) At the same time as the parties execute this Agreement, they are also executing a Rider to Franchise Agreement pursuant to:

- _____ Illinois
- _____ Indiana
- _____ Maryland
- _____ Minnesota
- _____ New York
- _____ North Dakota
- _____ Ohio
- _____ Rhode Island
- _____ Virginia
- _____ Washington

Attachment 1 to Franchise Agreement

OWNERSHIP INFORMATION

1. Form of Ownership. Franchisee is a (check one):

- _____ *Sole Proprietorship*
- _____ *Partnership*
- _____ *Limited Liability Company*
- _____ *Corporation*

State: _____

2. Owners. If Franchisee is a partnership, limited liability company or corporation:

Name	Shares or Percentage of Ownership

3. Officers. If Franchisee is a limited liability company or corporation:

Name	Title

Attachment 2 to Franchise Agreement

LOCATION ACCEPTANCE LETTER

To: _____

This Location Acceptance Letter is issued by X GOLF Franchise Corporation for your X-Golf franchise in accordance with Section 6.1 of the Franchise Agreement.

1. The Location of the Business is:

2. The Territory of the Business is:

X GOLF FRANCHISE CORPORATION

By: _____

Name: _____

Title: _____

Date: _____

Attachment 3 to Franchise Agreement

GUARANTY AND NON-COMPETE AGREEMENT

This Guaranty and Non-Compete Agreement (this “Guaranty”) is executed by the undersigned person(s) (each, a “Guarantor”) in favor of X GOLF Franchise Corporation, a California corporation (“XGF”).

Background Statement: _____ (“Franchisee”) desires to enter into a Franchise Agreement with XGF for the franchise of an X-Golf business (the “Franchise Agreement”; capitalized terms used but not defined in this Guaranty have the meanings given in the Franchise Agreement). Guarantor owns an equity interest in Franchisee. Guarantor is executing this Guaranty in order to induce XGF to enter into the Franchise Agreement.

Guarantor agrees as follows:

1. Guaranty. Guarantor hereby unconditionally guarantees to XGF and its successors and assigns that Franchisee shall pay and perform every undertaking, agreement and covenant set forth in the Franchise Agreement and further guarantees every other liability and obligation of Franchisee to XGF, whether or not contained in the Franchise Agreement. Guarantor shall render any payment or performance required under the Franchise Agreement or any other agreement between Franchisee and XGF upon demand from XGF. Guarantor waives (a) acceptance and notice of acceptance by XGF of this Guaranty; (b) notice of demand for payment of any indebtedness or nonperformance of any obligations of Franchisee; (c) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed; (d) any right Guarantor may have to require that an action be brought against Franchisee or any other person or entity as a condition of liability hereunder; (e) all rights to payments and claims for reimbursement or subrogation which any of the undersigned may have against Franchisee arising as a result of the execution of and performance under this Guaranty by the undersigned; (f) any law which requires that XGF make demand upon, assert claims against or collect from Franchisee or any other person or entity (including any other guarantor), foreclose any security interest, sell collateral, exhaust any remedies or take any other action against Franchisee or any other person or entity (including any other guarantor) prior to making any demand upon, collecting from or taking any action against the undersigned with respect to this Guaranty; and (g) any and all other notices and legal or equitable defenses to which Guarantor may be entitled.

2. Confidential Information. With respect to all Confidential Information Guarantor shall (a) adhere to all security procedures prescribed by XGF for maintaining confidentiality, (b) disclose such information to its employees only to the extent necessary for the operation of the Business, (c) not use any such information in any other business or in any manner not specifically authorized or approved in writing by XGF, (d) exercise the highest degree of diligence and make every effort to maintain the confidentiality of all such information during and after the term of the Franchise Agreement, (e) not copy or otherwise reproduce any Confidential Information, and (f) promptly report any unauthorized disclosure or use of Confidential

Information. Guarantor acknowledges that all Confidential Information is owned by XGF or its affiliates (except for Confidential Information which XGF licenses from another person or entity). Guarantor acknowledges that all customer data generated or obtained by Guarantor is Confidential Information belonging to XGF. This Section will survive the termination or expiration of the Franchise Agreement indefinitely.

3. Covenants Not to Compete.

(a) Restriction - In Term. During the term of the Franchise Agreement, Guarantor shall not directly or indirectly have any ownership interest in, lend money or provide financial assistance to, provide any services to, or be employed by, any Competitor.

(b) Restriction – Post Term. For two years after the Franchise Agreement expires or is terminated for any reason (or, if applicable, for two years after a Transfer by Guarantor), Guarantor shall not directly or indirectly have any ownership interest in, lend money or provide financial assistance to, provide any services to, or be employed by, any Competitor located within five miles of Franchisee’s Territory or the territory of any other X-Golf business operating on the date of expiration, termination, or transfer, as applicable. If the Franchise Agreement is terminated before the Territory is determined, then the area of non-competition will be the Development Area and the territory of any other XGolf business operating on the date of termination.

(c) Interpretation. Guarantor agrees that each of the foregoing covenants is independent of any other covenant or provision of this Guaranty or the Franchise Agreement. If all or any portion of the covenants in this Section is held to be unenforceable or unreasonable by any court or arbitrator, then the parties intend that the court or arbitrator modify such restriction to the extent reasonably necessary to protect the legitimate business interests of XGF. Guarantor agrees that the existence of any claim it or Franchisee may have against XGF shall not constitute a defense to the enforcement by XGF of the covenants of this Section. If Guarantor fails to comply with the obligations under this Section during the restrictive period, then the restrictive period will be extended an additional day for each day of noncompliance.

4. Modification. Guarantor agrees that Guarantor’s liability hereunder shall not be diminished, relieved or otherwise affected by (a) any amendment of the Franchise Agreement, (b) any extension of time, credit or other indulgence which XGF may from time to time grant to Franchisee or to any other person or entity, or (c) the acceptance of any partial payment or performance or the compromise or release of any claims.

5. Governing Law; Dispute Resolution. This Guaranty shall be governed by and construed in accordance with the laws of the state of California (without giving effect to its principles of conflicts of law). The parties agree that any California law for the protection of franchisees or business opportunity purchasers (including the California Franchise Investment Law and California Franchise Relations Act) will not apply unless its jurisdictional requirements are met independently without reference to this Section 5. Solely with respect to the non-competition covenants of Section 3, the parties agree that the laws of the state where Guarantor is located shall apply, and not California law. The provisions of Article 17 (Dispute Resolution) of the

Franchise Agreement apply to and are incorporated into this Guaranty as if fully set forth herein. Guarantor shall pay to XGF all costs incurred by XGF (including reasonable attorney fees) in enforcing this Guaranty. If multiple Guarantors sign this Guaranty, each will have joint and several liability.

Agreed to by:

Name: _____

Address: _____

Date: _____

Name: _____

Address: _____

Date: _____

Name: _____

Address: _____

Date: _____

EXHIBIT C

RIDER TO LEASE AGREEMENT

Landlord: _____
Notice Address: _____

Telephone: _____

Franchisor: X GOLF Franchise Corporation
Notice Address: 19807 Hamilton Avenue
Los Angeles, CA 90502
Telephone: (323) 400-6611

Tenant: _____

Leased Premises: _____

1. Use. Tenant is a franchisee of Franchisor. The Leased Premises shall be used only for the operation of an X-Golf business (or any name authorized by Franchisor).

2. Notice of Default and Opportunity to Cure. Landlord shall provide Franchisor with copies of any written notice of default (“Default”) given to Tenant under the Lease, and Landlord grants to Franchisor the option (but not the obligation) to cure any Default under the Lease (should Tenant fail to do so) within 10 days after the expiration of the period in which Tenant may cure the Default.

3. Termination of Lease. Landlord shall copy Franchisor on any notice of termination of the Lease. If Landlord terminates the Lease for Tenant’s Default, Franchisor shall have the option to enter into a new Lease with Landlord on the same terms and conditions as the terminated Lease. To exercise this option, Franchisor must notify Landlord within 15 days after Franchisor receives notice of the termination of the Lease.

4. Termination of Franchise Agreement. If the Franchise Agreement between Franchisor and Tenant is terminated during the term of the Lease, then upon the written request of Franchisor, Tenant shall assign the Lease to Franchisor. Landlord hereby consents to the assignment of the Lease to Franchisor.

5. Assignment and Subletting. Notwithstanding any provision of the Lease to the contrary, Tenant shall have the right to assign or sublet the Lease to Franchisor or its affiliate, provided that no such assignment or sublease shall relieve Tenant or any guarantor of liability under the Lease. If Franchisor or its affiliate becomes the lessee of the Leased Premises, then Franchisor shall have the right to assign or sublease its lease to a franchisee of the X-Golf brand. Any provision of the Lease which limits Tenant’s right to own or operate other X-Golf outlets in proximity to the Leased Premises shall not apply to Franchisor or its affiliates.

6. Authorization. Tenant authorizes Landlord and Franchisor to communicate directly with each other about Tenant and Tenant’s business.

7. Right to Enter. Upon the expiration or termination of the Franchise Agreement or the Lease, or the termination of Tenant's right of possession of the Leased Premises, Franchisor or its designee may, after giving reasonable prior notice to Landlord, enter the Leased Premises to remove signs and other material bearing Franchisor's brand name, trademarks, and commercial symbols, provided that Franchisor will be liable to Landlord for any damage Franchisor or its designee causes by such removal.

8. No Liability. By executing this Rider, Franchisor does not assume any liability with respect to the Leased Premises or any obligation as Tenant under the Lease.

Executed by:

LANDLORD:

By: _____

Name: _____

Title: _____

Date: _____

TENANT:

By: _____

Name: _____

Title: _____

Date: _____

FRANCHISOR:

X GOLF FRANCHISE CORPORATION

By: _____

Name: _____

Title: _____

Date: _____

EXHIBIT D

FORM OF GENERAL RELEASE

[This is our current standard form of General Release. This document is not signed when you purchase a franchise. In circumstances such as a renewal of your franchise or as a condition of our approval of a sale of your franchise, we may require you to sign a general release.]

This General Release (“Release”) is executed by the undersigned (“Releasor”) in favor of X GOLF Franchise Corporation, a California corporation (“XGF”).

Background Statement: *[describe circumstances of Release]*

Releasor agrees as follows:

- 1. Release.** Releasor (on behalf of itself and its parents, subsidiaries and affiliates and their respective past and present officers, directors, shareholders, managers, members, partners, agents, and employees (collectively, the “Releasing Parties”)) hereby releases XGF, its affiliates, and their respective directors, officers, shareholders, employees, and agents (collectively, the “Released Parties”) from any and all claims, causes of action, suits, debts, agreements, promises, demands, liabilities, contractual rights and/or obligations, of whatever nature, known or unknown, which any Releasing Party now has or ever had against any Released Party based upon and/or arising out of events that occurred through the date hereof, including without limitation, anything arising out of the Franchise Agreement (collectively, “Claims”).
- 2. Covenant Not to Sue.** Releasor (on behalf of all Releasing Parties) covenants not to initiate, prosecute, encourage, assist, or (except as required by law) participate in any civil, criminal, or administrative proceeding or investigation in any court, agency, or other forum, either affirmatively or by way of cross-claim, defense, or counterclaim, against any Released Party with respect to any Claim.
- 3. Representations and Acknowledgments.** Releasor represents and warrants that: (i) Releasor is the sole owner of all Claims, and that no Releasing Party has assigned or transferred, or purported to assign or transfer, to any person or entity, any Claim; (ii) Releasor has full power and authority to sign this Release; and (iii) this Release has been voluntarily and knowingly signed after Releasor has had the opportunity to consult with counsel of Releasor’s choice. Releasor acknowledges that the release in Section 1 is a complete defense to any Claim.
- 4. Miscellaneous.** If any of the provisions of this Release are held invalid for any reason, the remainder of this Release will not be affected and will remain in full force and effect. In the event of any dispute concerning this Release, the dispute resolution, governing law, and venue provisions of the Franchise Agreement shall apply. Releasor agrees to take any actions and sign any documents that XGF reasonably requests to effectuate the purposes of this Release. This Release contains the entire agreement of the parties concerning the subject matter hereof.

5. State Addenda.

[Maryland Residents]: This Release shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

[Washington Residents]: A release or waiver of rights executed by a franchisee shall not include rights under the Washington Franchise Investment Protection Act except when executed pursuant to a negotiated settlement after the franchise agreement is in effect and where the parties are represented by independent counsel.

Agreed to by:

Name: _____
Date: _____

EXHIBIT E
FINANCIAL STATEMENTS

X GOLF FRANCHISE CORPORATION

(A Wholly Owned Subsidiary of X Golf
America, Inc.)

AUDITED FINANCIAL STATEMENTS

Years ended December 31, 2020, 2019 and 2018

X GOLF FRANCHISE CORPORATION

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INDEPENDENT AUDITOR'S REPORT

To the Stockholder of
X Golf Franchise Corporation

Report on the Financial Statements

We have audited the accompanying financial statements of X Golf Franchise Corporation (a State of California corporation), which comprise the balance sheet as of December 31, 2020 and the related statements of income, stockholder's equity (deficit) and cash flows for the year then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

To the Members of
X Golf Franchise Corporation
Page Two

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

Opinion

In our opinion, the 2020 financial statements present fairly, in all material respects, the financial position of X Golf Franchise Corporation as of December 31, 2020 and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Prior Period Financial Statements

The financial statements of X Golf Franchise Corporation as of 2019 and 2018, were audited by other auditors whose report dated April 7, 2020, expressed an unmodified opinion on those statements.

Change in Accounting Principle

As discussed in Note 2 to the financial statements, the Company adopted new accounting standards related to accounting for pre-opening services provided to franchisees. Our opinion is not modified with respect to that matter.

The image shows a handwritten signature in black ink that reads "UHY LLP". The letters are written in a cursive, slightly slanted style.

Farmington Hills, Michigan
March 29, 2021

X GOLF FRANCHISE CORPORATION

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X GOLF FRANCHISE CORPORATION
(A Wholly Owned Subsidiary of X Golf America, Inc.)
BALANCE SHEETS

	<u>December 31,</u>		
	<u>2020</u>	<u>2019 - As restated</u>	<u>2018</u>
ASSETS			
CURRENT ASSETS			
Cash	\$ 226,254	\$ 203,853	\$ 13,024
Accounts receivable	194,647	137,675	51,252
Contract costs	7,463	-	-
Due from Parent	<u>235,171</u>	<u>99,108</u>	<u>-</u>
Total current assets	663,535	440,636	64,276
OTHER ASSETS			
Contract Costs	64,416	-	-
Deferred taxes	<u>182,813</u>	<u>131,575</u>	<u>1,025</u>
Total other assets	<u>247,229</u>	<u>131,575</u>	<u>1,025</u>
TOTAL ASSETS	<u>\$ 910,764</u>	<u>\$ 572,211</u>	<u>\$ 65,301</u>
LIABILITIES AND STOCKHOLDER'S EQUITY			
CURRENT LIABILITIES			
Accrued expenses	\$ 40,908	\$ -	\$ -
Due to Parent	-	-	12,803
Deferred revenue - current	164,303	90,189	-
Income taxes payable	<u>57,191</u>	<u>125,132</u>	<u>16,308</u>
Total current liabilities	262,402	215,321	29,111
Deferred revenue - long-term	<u>488,984</u>	<u>353,571</u>	<u>-</u>
Total Liabilities	751,386	568,892	29,111
STOCKHOLDER'S EQUITY	<u>159,378</u>	<u>3,319</u>	<u>36,190</u>
TOTAL LIABILITIES AND STOCK- HOLDER'S EQUITY	<u>\$ 910,764</u>	<u>\$ 572,211</u>	<u>\$ 65,301</u>

See notes to financial statements.

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X GOLF FRANCHISE CORPORATION

(A Wholly Owned Subsidiary of X Golf America, Inc.)

STATEMENTS OF STOCKHOLDER'S EQUITY

For the years ended December 31,

	<u>Capital Stock</u>	<u>Retained Earnings (Deficit)</u>	<u>Total</u>
Balance, January 1, 2018	\$ 200	\$ (3,325)	\$ (3,125)
Net income		39,315	39,315
Balance, December 31, 2018	200	35,990	36,190
Cumulative-effect adjustment from adoption of ASU 2014-09	-	(162,397)	(162,397)
Cumulative-effect adjustment from adoption of ASU 2021-02	-	49,864	49,864
Net income, as restated		79,662	79,662
Balance, December 31, 2019, as restated	200	3,119	3,319
Net income	-	156,059	156,059
Balance, December 31, 2020	<u>\$ 200</u>	<u>\$ 159,178</u>	<u>\$ 159,378</u>

See notes to financial statements.

X GOLF FRANCHISE CORPORATION

(A Wholly Owned Subsidiary of X Golf America, Inc.)

STATEMENTS OF INCOME

For the years ended December 31,

	2020		2019 - As restated		2018	
	Amount	Percent of Revenues	Amount	Percent of Revenues	Amount	Percent of Revenues
Revenues						
Franchise fee revenue	\$ 90,473	15.7 %	\$ 112,500	27.6 %	\$ 110,000	45.2 %
Royalty revenue	<u>484,009</u>	<u>84.3</u>	<u>294,550</u>	<u>72.4</u>	<u>133,394</u>	<u>54.8</u>
Total revenues	<u>574,482</u>	<u>100.0</u>	<u>407,050</u>	<u>100.0</u>	<u>243,394</u>	<u>100.0</u>
Operating expenses	<u>356,549</u>	<u>62.1</u>	<u>296,194</u>	<u>72.8</u>	<u>188,762</u>	<u>77.6</u>
Income before income taxes	<u>217,933</u>	<u>37.9</u>	<u>110,856</u>	<u>27.2</u>	<u>54,632</u>	<u>22.4</u>
Income taxes	<u>61,874</u>	<u>10.8</u>	<u>31,194</u>	<u>7.7</u>	<u>15,317</u>	<u>6.3</u>
Net income	<u>\$ 156,059</u>	<u>27.1 %</u>	<u>\$ 79,662</u>	<u>19.5 %</u>	<u>\$ 39,315</u>	<u>16.1 %</u>

See notes to financial statements.

X GOLF FRANCHISE CORPORATION
(A Wholly Owned Subsidiary of X Golf America, Inc.)
STATEMENTS OF CASH FLOWS
For the years ended December 31,

	<u>2020</u>	<u>2019 - As restated</u>	<u>2018</u>
OPERATING ACTIVITIES			
Net income	\$ 156,059	\$ 79,662	\$ 39,315
Adjustments to reconcile net income to net cash flows from operating activities:			
Deferred income taxes	(51,238)	(86,823)	(857)
Changes in:			
Accounts receivable	(56,972)	(86,423)	759
Due from parent	(136,063)	(99,108)	-
Contract costs	(71,879)	-	-
Accrued expenses	40,908	-	-
Due to parent	-	(12,803)	(85,779)
Income taxes payable	(67,941)	108,824	14,938
Deferred revenue	209,527	287,500	-
	<u>22,401</u>	<u>190,829</u>	<u>(31,624)</u>
Net cash provided by (used in) operating activities			
	<u>22,401</u>	<u>190,829</u>	<u>(31,624)</u>
NET CHANGE IN CASH	22,401	190,829	(31,624)
CASH, Beginning	<u>203,853</u>	<u>13,024</u>	<u>44,648</u>
CASH, Ending	<u>\$ 226,254</u>	<u>\$ 203,853</u>	<u>\$ 13,024</u>

See notes to financial statements.

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X GOLF FRANCHISE CORPORATION
(A WHOLLY OWNED SUBSIDIARY OF X GOLF AMERICA, INC.)
NOTES TO FINANCIAL STATEMENTS
December 31, 2020, 2019 and 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of certain accounting policies followed in the preparation of these financial statements. The policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of these financial statements.

Company Operations

X Golf Franchise Corporation (the Company) was incorporated in February 2015 by X Golf America, Inc. (the Parent) for the purpose of franchising indoor golf centers under the name “X Golf”. The Company holds exclusive right to franchise X Golf stores in the United States of America, under the license agreement with the original franchisor in Korea. The Company is in process of developing the market in order to identify and select the franchisees.

During 2020, the Company sold thirteen franchises. Thirty-six franchises were under contract as of December 31, 2020. Twenty-five of those franchises were in operation at December 31, 2020. Eleven franchises have opened or are expected to open in 2021.

COVID-19

Towards the end of December 2019, an outbreak of a novel strain of coronavirus (COVID-19) emerged globally. Global and domestic responses to the COVID-19 outbreak continue to rapidly evolve. There had been mandates from federal, state and local authorities requiring forced closures of non-essential businesses. As the situation continues to unfold, management may need to find ways to address the disruption of business operations that may result from the virus’ spread. Although it is not possible to reliably estimate the length or severity of this outbreak and hence its financial impact, any significant reduction in customer purchasing caused by COVID-19 may result in a loss of sales and profits and other material adverse effects.

Use of Estimates

Company management has made estimates and assumptions related to the reporting of certain assets and liabilities in conformity with U.S. GAAP. These estimates and assumptions have been applied using methodologies that are consistent throughout the periods presented with consideration given to the potential impacts of the coronavirus disease (“COVID-19”) pandemic. However, actual results could differ materially from these estimates and be significantly affected by the severity and duration of the pandemic, the extent of actions to contain or treat COVID-19, how quickly and to what extent normal economic and operating activity can resume, and the severity and duration of the global economic downturn that results from the pandemic.

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and cash equivalents

The Company considers all liquid investment instruments with a maturity of three months or less to be cash equivalents.

Concentration of Credit Risk

The Company from time to time during the periods covered by these financial statements may have bank balances in excess of its insured limits. Management has deemed this as a normal business risk.

Accounts Receivable and Allowance for Doubtful Accounts

The Company carries its accounts receivable at invoiced amounts less an allowance for doubtful accounts. Generally, the Company does not require collateral for its accounts receivable. On a monthly basis, the Company evaluates its accounts receivable and establishes an allowance for doubtful accounts when deemed necessary. Management estimates that no allowance for doubtful accounts is necessary at December 31, 2020, 2019, and 2018. The Company incurred bad debt expense of \$9,913, \$27,664 and \$-0- during the years ended December 31, 2020, 2019, and 2018.

Income Taxes

Income tax expense includes federal and state taxes currently payable and deferred taxes arising from temporary differences between income for financial reporting and income tax purposes.

Deferred income tax assets and liabilities are recorded for the estimated future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred income tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be realized. The effect on deferred income tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. Deferred income tax assets are reduced by a valuation allowance when the Company is unable to conclude that realization of the deferred income tax assets is more likely than not.

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes (Continued)

The benefit of an uncertain tax position is recognized in the financial statements if it meets a minimum recognition threshold. A determination is first made as to whether it is more likely than not that the income tax position will be sustained, based upon technical merits, upon examination by the taxing authorities. If the income tax position is expected to meet the more-likely-than-not criteria, the benefit recorded in the financial statements equals the largest amount that is greater than 50% likely to be realized upon its ultimate settlement. At December 31, 2020, 2019 and 2018, there are no uncertain tax positions for which a reserve or liability is necessary.

The Company files a consolidated federal tax return with its parent and records its share of the consolidated federal tax expense on a separate return basis. See Note 5

Revenue Recognition

The Company executes franchise agreements that set the terms of its arrangement with each franchisee. The Company's revenues consist of initial franchise fees and royalties.

Initial franchise fee revenues are recognized as revenue as the various performance obligations are satisfied. Initial franchise fee revenue is recognized at a point in time for the pre-opening services performance obligation with the remaining portion of the initial franchise fee recognized over time for the license of intellectual property performance obligation.

Royalty income is based on a contracted percentage of franchisee revenue as reported by the franchisees monthly over the period of the franchise term.

Advertising

Advertising and marketing costs are expensed as incurred and totaled \$131,135, 39,518 and \$11,086 for the years ended December 31, 2020, 2019 and 2018, respectively.

Subsequent Events

The Company has performed a review of events subsequent to the balance sheet date through March 29, 2021, the date the financial statements were available to be issued.

Reclassifications

Certain reclassifications have been made to the prior year financial statements to conform to the presentation for the year ended December 31, 2020.

X GOLF FRANCHISE CORPORATION
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NOTE 2 – RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENTS

ASU 2021-02

In January 2021, the Financial Accounting Standards Board issued accounting standards update (ASU) 2021-02, *Franchisor-Revenue from Contracts with Customers (Subtopic 952-606)*, which amends the existing accounting standards and provides a practical expedient in which pre-opening services that are consistent with those included in a pre-defined list may be accounted for as a separate performance obligation distinct from the franchise license. The Company has early adopted the new guidance and have applied it retrospectively to the date Topic 606, *Revenue from Contracts with Customers* was implemented, which was January 1, 2019.

The Company has also elected to treat the pre-opening services as a single performance obligation.

The impact of adopting ASU 2021-02 to the Company's balance sheet were as follows:

	<u>Balance at January 1, 2019</u>		
	<u>As Reported</u>	<u>Under Historical Guidance</u>	<u>Impact of Adopting ASU 2021-02</u>
Deferred Tax asset	\$ 150,114	\$ 169,490	\$ (19,376)
Deferred Revenue	\$ 156,260	\$ 225,500	\$ (69,240)
Retained Earnings	\$ (76,543)	\$ (126,407)	\$ 49,864

ASU 2014-09

In May 2014, the Financial Accounting Standards Board issued ASU 2014-09, *Revenue from Contracts with Customers*, which amended the existing accounting standards and provided a single, comprehensive model for the recognition, measurement and disclosure of revenue from contracts with customers. The Company adopted and implemented the provisions of ASU 2014-09 and its related amendments (collectively known as "ASC Topic 606") beginning January 1, 2019, using the cumulative effect method (i.e., recognize the cumulative effect of initially applying the guidance at the date of initial application with no restatement of prior periods). ASC Topic 606 was applied retrospectively with the cumulative effect of initial application recognized as an adjustment to opening retained earnings. The initial application was applied only to contracts that were not completed at the date of the initial application.

X GOLF FRANCHISE CORPORATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2020, 2019 and 2018

NOTE 2 – RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENTS (Continued)

The impact of adopting ASU 2014-09 to the Company's balance sheet (pre-ASU 2021-02 adoption) were as follows:

	<u>Balance at January 1, 2019</u>		
	<u>As reported</u>	<u>Under Historical Guidance</u>	<u>Impact of Adopting ASU 2014-09</u>
Deferred Tax assets	\$ 64,128	\$ 1,025	\$ 63,103
Deferred revenue - current	\$ 26,000	\$ -	\$ 26,000
Deferred revenue - long term	\$ 199,500	\$ -	\$ 199,500
Retained Earnings	\$ (126,407)	\$ 35,990	\$ (162,397)

NOTE 3 – DISAGGREGATION OF REVENUE

Revenues are disaggregated by timing of revenue recognition as follows:

	<u>Years ended December 31,</u>		
	<u>2020</u>	<u>2019 - As restated</u>	<u>2018</u>
Revenues recognized over time - Initial franchise fees	\$ 45,000	\$ 90,000	\$ -
Revenues recognized at a point in time:			
Initial franchise fees	45,473	22,500	110,000
Royalty and other fees	484,009	294,550	133,394
Total revenues recognized at a point in time	<u>529,482</u>	<u>317,050</u>	<u>243,394</u>
Total revenues recognized under Topic 606	<u>\$ 574,482</u>	<u>\$ 407,050</u>	<u>\$ 243,394</u>

Various economic factors affect revenues and cash flows. Royalties are dependent on franchisee development and revenues which cannot be reasonably estimated.

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NOTE 4 – CONTRACT BALANCES

Contract assets

Sales commissions, franchise agreement costs and broker fees incurred solely to obtain new franchises are capitalized and amortized over the life of the underlying franchise agreement.

The following table provides information about changes in contract assets from contracts with customers as of and for the years ended:

	December 31,		
	2020	2019 - restated	2018
Balance, January 1	\$ -	\$ -	\$ -
Increase from new contracts with customers	74,630	-	-
Amortization of contract assets	(2,751)	-	-
Balance, December 31	<u>\$ 71,879</u>	<u>\$ -</u>	<u>\$ -</u>

Contract liabilities

Deferred revenue relating to initial franchise fees represents the Company's remaining performance obligations under its franchise agreements which will be recognized over the remaining term of the related agreements on a straight-line basis.

The following table provides information about changes in contract liabilities from contracts with customers as of and for the years ended:

	2020	2019 - restated
Balance, January 1, as reported		\$ -
Cumulative impact of ASU 2014-09 adoption		225,500
Cumulative impact of ASU 2021-02 adoption		(69,240)
Balance, January 1, as restated	\$ 443,760	\$ 156,260
Increase from new contracts with customers	300,000	400,000
Revenue recognized from beginning amounts	(90,473)	(112,500)
	<u>\$ 653,287</u>	<u>\$ 443,760</u>

X GOLF FRANCHISE CORPORATION
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NOTE 5 – INCOME TAXES

The provision (credit) for income taxes consists of the following:

	Years ended December 31,		
	2020	2019 - restated	2018
Current taxes:			
Federal	\$ 75,526	\$ 82,801	\$ 11,293
State	37,586	35,216	4,881
Total current taxes	113,112	118,017	16,174
Deferred taxes:			
Federal	(46,709)	(57,191)	(857)
State	(4,529)	(29,632)	-
Total deferred taxes	(51,238)	(86,823)	(857)
	<u>\$ 61,874</u>	<u>\$ 31,194</u>	<u>\$ 15,317</u>

During the years ending December 31, 2020, 2019 and 2018, the Company's effective tax rate differed from the U.S. federal statutory rate primarily due to deferred revenue included in contract liabilities.

Deferred tax assets and liabilities are as follows:

	December 31,		
	2020	2019 - restated	2018
Gross deferred income tax assets	\$ 182,813	\$ 131,575	\$ 1,025
Gross deferred income tax liabilities	-	-	-
Net deferred income tax assets	<u>\$ 182,813</u>	<u>\$ 131,575</u>	<u>\$ 1,025</u>

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NOTE 6 – CASH FLOWS

Supplemental disclosures of cash flow information are as follows:

	Years ended December 31,		
	2020	2019	2018
Income Taxes paid	<u>\$ 142,865</u>	<u>\$ 8,410</u>	<u>\$ 1,236</u>

NOTE 7 – RELATED PARTY TRANSACTIONS

The Company is charged a management fee from its parent entity based on amounts directly paid on behalf of the company and allocations of shared costs such as rent, wages and other operating expenses.

The Company entered into a software licensing agreement with a related entity through common ownership.

Related party transaction amounts and balances owing to/from for the years ending and as of December 31, were as follows:

	2020	2019	2018
Management fees expense	<u>\$ 117,929</u>	<u>\$ 182,947</u>	<u>\$ 123,866</u>
Software license fees expense	<u>\$ 50,833</u>	<u>\$ -</u>	<u>\$ -</u>
Due from Parent	<u>\$ 235,171</u>	<u>\$ 99,108</u>	<u>\$ -</u>
Due to Parent	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,803</u>
Accrued software expense	<u>\$ 40,907</u>	<u>\$ -</u>	<u>\$ -</u>

EXHIBIT F

OPERATING MANUAL TABLE OF CONTENTS

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EXHIBIT G

CURRENT AND FORMER FRANCHISEES

Current Franchisees

Names of all current franchisees (as of the end of our last fiscal year) and the address and telephone number of each of their outlets:

Store	Owner	Store Address	Phone Number	State
X-Golf Huntsville	Ricky Lynch	2500 Clinton Ave West c, Huntsville, AL 35805	(256) 715-8785	Alabama
X-Golf Fort Collins	Michael Ruvolo	351 E Foothills Pkwy Suite 110, Fort Collins, CO 80525	(970) 237-5332	Colorado
X-Golf Grand Junction	Michael Ruvolo	2482 Patterson Rd, Grand Junction, CO 81505	(970) 644-5251	Colorado
X-Golf Glenview	James Jeong	2847 Pfingsten Rd, Glenview, IL 60026	(224) 432-0022	Illinois
X-Golf Libertyville	Nick Morcom	1177 S Milwaukee Ave, Libertyville, IL 60048	(224) 504-2940	Illinois
X-Golf Carmel	Jared Perras	14511 Clay Terrace Blvd #120, Carmel, IN 46032	(317) 669-2422	Indiana
X-Golf Wayland	Rob Granahan	60 Andrew Ave, Wayland, MA 01778	(508) 276-5230	Massachusetts
X-Golf Ann Arbor	Kenny Seiler	333 N Maple Rd, Ann Arbor, MI 48103	(734) 316-7379	Michigan
X-Golf Grand Rapids	Scott Minke	5761 28th St SE, Grand Rapids, MI 49546	(616) 805-4864	Michigan
X-Golf Holland	Mitch VanTuinen	12331 James St STE 100, Holland, MI 49424	(616) 377-7230	Michigan
X-Golf Kalamazoo	Ben Lubs	4600 W Main St, Kalamazoo, MI 49006	(269) 216-3658	Michigan
X-Golf Lansing	Nick Swanson	4946 Marsh Rd, Okemos, MI 48864	(517) 763-2200	Michigan
X-Golf Novi	Chris Barlow	44325 W 12 Mile Rd, Novi, MI 48377	(248) 513-4761	Michigan
X-Golf Rochester Hills	Jared Vinson	1134 S Rochester Rd, Rochester Hills, MI 48307	(248) 759-4195	Michigan
X-Golf Royal Oak	Ben Lubs	30955 Woodward Ave Suite 720, Royal Oak, MI 48073	(248) 607-3976	Michigan
X-Golf Shelby	Nick Swanson	45599 Market St, Shelby Charter Twp, MI 48315	(586) 991-6190	Michigan
X-Golf Traverse City	Scott Hart	3480 W South Airport Rd, Traverse City, MI 49684	(231) 252-2606	Michigan
X-Golf Blaine	Ben Feret	298 Northtown Dr NE, Blaine, MN 55434	(952) 529-7195	Minnesota
X-Golf Champlin	Ben Feret	11351 Aquila Dr N Suite 101, Champlin, MN 55316	(763) 999-4615	Minnesota
X-Golf Woodbury	Travis Holt	8150 Collier Way Suite 500, Woodbury, MN 55125	(651) 505-9915	Minnesota
X-Golf Garnet Valley	Eric Miller	176-178 Painters Crossing, West Chester, PA 19382	(484) 574-8528	Pennsylvania
X-Golf Richmond	Josh Engelken	15800 WC Main St, Midlothian, VA 23113	(980) 231-2852	Virginia
X-Golf Brookfield	Shawn DeMain	12565 W Feerick St Unit C, Brookfield, WI 53005	(262) 439-8972	Wisconsin
X-Golf Mequon	Shawn DeMain	11043 N Port Washington Rd, Mequon, WI 53092	(262) 236-9113	Wisconsin

Franchisees who had signed franchise agreements as of the end of our last fiscal year but were not yet open:

Michael Ruvolo, 7600 Landmark Way, Greenwood Village, CO 80111
Thomas Lance, 5000 W 119th Street, Leawood, KS 66209
Michael O'Shea 1310 Butterfield Rd., Downers Grove, IL 60515
Gary Zipfel 1551 Penstemon Court, Grayslake, IL 60030

Jason Purnell, 19840 West Road, Woodhaven, MI 48183
Jason Raney 44524 Ford Road, Canton MI 48187
Robert E. Barlow, Jr. 1837 Washington Blvd., Easton, PA 18042
Bryan McClellan, 622 George Washington Highway, Unit 1, Lincoln, RI 02865
Doug Robinson, 4503 Spring Island, Okatie, SC 29909
Seth Klug and Aaron Klug, 351 Oakwood Dr. Oregon, WI 53575 (2 franchises)

Former Franchisees

Name, city and state, and current business telephone number, or if unknown, the last known home telephone number of every franchisee who had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during the most recently completed fiscal year or who have not communicated with us within 10 weeks of the disclosure document issuance date:

Sold:

Art Craven
2940 G Road, Grand Junction CO 81504

Closed:

Sean Kelly
12045 Perry Hwy, Wexford, PA 15090
(878) 332-8141

EXHIBIT H
STATE ADDENDA TO DISCLOSURE DOCUMENT

CALIFORNIA ADDENDUM TO DISCLOSURE DOCUMENT

California Corporations Code, Section 31125 requires the franchisor to give the franchisee a disclosure document, approved by the Department of Financial Protection and Innovation, prior to a solicitation of a proposed material modification of an existing franchise.

THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE OFFERING CIRCULAR.

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 BUSINESS OVERSIGHT AT www.dfpi.ca.gov.

THESE FRANCHISES HAVE BEEN REGISTERED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF CALIFORNIA. SUCH REGISTRATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE COMMISSIONER OF FINANCIAL PROTECTION AND INNOVATION NOR A FINDING BY THE COMMISSIONER THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

ALL THE OWNERS OF THE FRANCHISE WILL BE REQUIRED TO EXECUTE PERSONAL GUARANTEES. THIS REQUIREMENT PLACES THE MARITAL ASSETS OF THE SPOUSES DOMICILED IN COMMUNITY PROPERTY STATES – ARIZONA, CALIFORNIA, IDAHO, LOUISIANA, NEVADA, NEW MEXICO, TEXAS, WASHINGTON AND WISCONSIN AT RISK IF YOUR FRANCHISE FAILS.

1. The following paragraph is added to the end of Item 3 of the Disclosure Document:

Neither franchisor nor any person or franchise broker in Item 2 of this disclosure document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such persons from membership in that association or exchange.

2. The following paragraphs are added at the end of Item 17 of the Disclosure Document:

The Franchise Agreement requires franchisee to sign a general release of claims upon renewal or transfer of the Franchise Agreement. California Corporations Code Section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring a franchise to waive compliance with any provision of that law or any rule or order thereunder is void.

California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination, transfer, or non-renewal of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the law, the law will control.

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

The Franchise Agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

The Franchise Agreement requires binding arbitration. The arbitration will occur in Los Angeles, California, with the costs being borne equally by Franchisor and Franchisee. 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 a franchise agreement restricting venue to a forum outside the State of California.

HAWAII ADDENDUM TO DISCLOSURE DOCUMENT

In the State of Hawaii only, this Disclosure Document is amended as follows:

THESE FRANCHISES WILL BE/HAVE BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

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

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

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

Commissioner of Securities
335 Merchant Street
Honolulu, Hawaii 96813

Registration of franchises or filings of offering circulars in other states. As of the date of filing of this Addendum in the State of Hawaii:

1. A franchise registration is effective or an offering circular is on file in the following states: _____
2. A proposed registration or filing is or will be shortly on file in the following states: _____
3. No states have refused, by order or otherwise to register these franchises.
4. No states have revoked or suspended the right to offer these franchises.
5. The proposed registration of these franchises has not been withdrawn in any state.

ILLINOIS ADDENDUM TO DISCLOSURE DOCUMENT

In recognition of the requirements of the Illinois Franchise Disclosure Act of 1987, as amended (the "Act"), this Disclosure Document is amended as follows:

Item 5 and Item 7 of the Disclosure Document are amended as follows:

Illinois law governs the agreements between the parties to this franchise.

Section 4 of the Act provides that any provision in a franchise agreement that designates jurisdiction or venue outside the State of Illinois is void. However, a franchise agreement may provide for arbitration outside of Illinois.

Section 41 of the Act provides that any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with the Act or any other law of Illinois is void.

Your rights upon termination and non-renewal of a franchise agreement are set forth in sections 19 and 20 of the Act.

MARYLAND ADDENDUM TO DISCLOSURE DOCUMENT

In the State of Maryland only, this Disclosure Document is amended as follows:

The following is added to Item 17:

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.

Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

You have the right to file a lawsuit alleging a cause of action arising under the Maryland Franchise Law in any court of competent jurisdiction in the State of Maryland.

The Franchise Agreement provides for termination upon bankruptcy of the franchisee. This provision may not be enforceable under federal bankruptcy law.

MINNESOTA ADDENDUM TO DISCLOSURE DOCUMENT

In the State of Minnesota only, this Disclosure Document is amended as follows:

- Minnesota Statutes, Section 80C.21 and Minnesota Rules 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce (1) any of the franchisee's rights as provided for in Minnesota Statutes, Chapter 80C or (2) franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.
- With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes, Section 80C.14, Subd. 3-5, which require (except in certain specified cases) (1) that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the franchise agreement and (2) that consent to the transfer of the franchise will not be unreasonably withheld.
- The franchisor will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name.
- Minnesota considers it unfair to not protect the franchisee's right to use the trademarks. Refer to Minnesota Statutes, Section 80C.12, Subd. 1(g).
- Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.
- The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400J. Also, a court will determine if a bond is required.
- The Limitations of Claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 5, which states "No action may be commenced pursuant to this Section more than three years after the cause of action accrues."
- NSF checks are governed by Minnesota Statute 604.113, which puts a cap of \$30 on service charges.

THESE FRANCHISES HAVE BEEN REGISTERED UNDER THE MINNESOTA FRANCHISE ACT. REGISTRATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE COMMISSIONER OF COMMERCE OF MINNESOTA OR A FINDING BY THE COMMISSIONER THAT

THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

THE MINNESOTA FRANCHISE ACT MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WHICH IS SUBJECT TO REGISTRATION WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, AT LEAST 7 DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST 7 DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION, BY THE FRANCHISEE, WHICHEVER OCCURS FIRST, A COPY OF THIS PUBLIC OFFERING STATEMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE FRANCHISE. THIS PUBLIC OFFERING STATEMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR AN UNDERSTANDING OF ALL RIGHTS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

NEW YORK ADDENDUM TO DISCLOSURE DOCUMENT

In the State of New York only, this Disclosure Document is amended as follows:

1. The following information is added to the cover page of the Franchise Disclosure Document:

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 28 LIBERTY ST., 21ST FLOOR, NEW YORK, NEW YORK 10005. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

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

Except as provided above, with regard to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.

B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10 year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise,

securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of Item 4:

Neither the franchisor, its affiliate, its predecessor, officers, or general partner during the 10-year period immediately before the date of the offering circular: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after that officer or general partner of the franchisor held this position in the company or partnership.

4. The following is added to the end of Item 5:

The initial franchise fee constitutes part of our general operating funds and will be used as such in our discretion.

5. 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.

6. 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.

7. The following is added to the end of the “Summary” section of Item 17(j), titled **“Assignment of contract by franchisor”**:

However, no assignment will be made except to an assignee who in good faith and judgment of the franchisor, is willing and financially able to assume the franchisor’s obligations under the Franchise Agreement.

8. The following is added to the end of the “Summary” sections of Item 17(v), 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 ADDENDUM TO DISCLOSURE DOCUMENT

In the State of North Dakota only, this Disclosure Document is amended as follows:

THE SECURITIES COMMISSIONER HAS HELD THE FOLLOWING TO BE UNFAIR, UNJUST OR INEQUITABLE TO NORTH DAKOTA FRANCHISEES (NDCC SECTION 51-19-09):

1. Restrictive Covenants: Franchise disclosure documents that disclose the existence of covenants restricting competition contrary to NDCC Section 9-08-06, without further disclosing that such covenants will be subject to the statute.
2. Situs of Arbitration Proceedings: Franchise agreements providing that the parties must agree to the arbitration of disputes at a location that is remote from the site of the franchisee's business.
3. Restrictions on Forum: Requiring North Dakota franchisees to consent to the jurisdiction of courts outside of North Dakota.
4. Liquidated Damages and Termination Penalties: Requiring North Dakota franchisees to consent to liquidated damages or termination penalties.
5. Applicable Laws: Franchise agreements that specify that they are to be governed by the laws of a state other than North Dakota.
6. Waiver of Trial by Jury: Requiring North Dakota Franchises to consent to the waiver of a trial by jury.
7. Waiver of Exemplary and Punitive Damages: Requiring North Dakota Franchisees to consent to a waiver of exemplary and punitive damage.
8. General Release: Franchise Agreements that require the franchisee to sign a general release upon renewal of the franchise agreement.
9. Limitation of Claims: Franchise Agreements that require the franchisee to consent to a limitation of claims. The statute of limitations under North Dakota law applies.
10. Enforcement of Agreement: Franchise Agreements that require the franchisee to pay all costs and expenses incurred by the franchisor in enforcing the agreement. The prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney's fees.

OHIO ADDENDUM TO DISCLOSURE DOCUMENT

In the State of Ohio only, this Disclosure Document is amended by adding the following two cover pages to this Disclosure Document:

X GOLF Franchise Corporation

April 23, 2021

READ THIS DISCLOSURE DOCUMENT CAREFULLY

The state of Ohio has not reviewed and does not approve, recommend, endorse, or sponsor this or any franchise. If you have any questions about this franchise, the information contained in this disclosure document should be reviewed with an attorney or financial advisor before you sign any agreement.

The following disclosure document contains the disclosures required by Ohio law.

In the State of Ohio only, this Disclosure Document is further amended as follows:

The following is added to Item 19:

CAUTION

Some business opportunity plans have earned this amount. There is no assurance you will do as well. If you rely upon our figures, you must accept the risk of not doing as well.

RHODE ISLAND ADDENDUM TO DISCLOSURE DOCUMENT

In the State of Rhode Island only, this Disclosure Document is amended as follows:

Item 17, summary columns for (v) and (w) are amended to add the following:

Any provision in the franchise agreement restricting jurisdiction or venue to a forum outside Rhode Island or requiring the application of the laws of a state other than Rhode Island is void as to a claim otherwise enforceable under the Rhode Island Franchise Investment Act.

VIRGINIA ADDENDUM TO DISCLOSURE DOCUMENT

In the Commonwealth of Virginia only, this Disclosure Document is amended as follows:

Estimated Initial Investment.

The franchisee will be required to make an estimated initial investment ranging from \$547,200 to \$916,000. This amount exceeds the franchisor's stockholders equity as of December 31, 2020, which is \$159,378).

Item 5 is amended to include the following:

The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the franchise agreement.

The following statements are added to Item 17(h):

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

Under 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 involves the use of undue influence by the franchisor to induce a franchisee to surrender any rights given to the franchisee under the franchise, that provision may not be enforceable.

Item 17(t) is amended to read as follows:

Only the terms of the Franchise Agreement and other related written agreements are binding (subject to applicable state law). Any representations or promises outside of the Disclosure Document and Franchise Agreement may not be enforceable.

WASHINGTON ADDENDUM TO DISCLOSURE DOCUMENT

(See Exhibit I for Washington Addendum to Disclosure Document and Rider to Franchise Agreement)

EXHIBIT I
STATE ADDENDA TO FRANCHISE AGREEMENT

ILLINOIS RIDER TO FRANCHISE AGREEMENT

This Rider amends the Franchise Agreement dated _____ (the “Agreement”), between X GOLF Franchise Corporation, a California corporation (“XGF”) and _____, a _____ (“Franchisee”).

1. Definitions. Capitalized terms used but not defined in this Rider have the meanings given in the Agreement. The “Illinois Act” means the Illinois Franchise Disclosure Act of 1987.

2. Governing Law and Jurisdiction. Notwithstanding any provision of the Agreement to the contrary, the Agreement is governed by Illinois law. The parties irrevocably submit to the jurisdiction and venue of the federal and state courts in Illinois, except for matters which the Agreement provides will be resolved by arbitration.

3. Limitation of Claims. No action can be maintained to enforce any liability created by the Illinois Act unless brought before the expiration of 3 years from the act or transaction constituting the violation upon which it is based, the expiration of 1 year after Franchisee become aware of facts or circumstances reasonably indicating that Franchisee may have a claim for relief in respect to conduct governed by the Illinois Act, or 90 days after delivery to the Franchisee of a written notice disclosing the violation, whichever shall first expire.

4. Waivers Void. Notwithstanding any provision of the Agreement to the contrary, any condition, stipulation, or provision purporting to bind Franchisee to waive compliance with any provision of the Illinois Act or any other law of the State of Illinois is void. This Section shall not prevent Franchisee from entering into a settlement agreement or executing a general release regarding a potential or actual lawsuit filed under any of the provisions of this Act, nor shall it prevent the arbitration of any claim pursuant to the provisions of Title 9 of the United States Code.

5. Fee Deferral. Payment of initial franchise fees will be deferred until Franchisor has met its initial obligations to Franchisee, and Franchisee has commenced doing business. This financial assurance requirement was imposed by the Office of the Illinois Attorney General due to Franchisor’s financial condition.

6. Effective Date. This Rider is effective as of the Effective Date.

Agreed to by:

FRANCHISEE:

FRANCHISOR:

X GOLF Franchise Corporation

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

INDIANA RIDER TO FRANCHISE AGREEMENT

This Rider amends the Franchise Agreement dated _____ (the “Agreement”), between X GOLF Franchise Corporation, a California corporation (“XGF”) and _____, a _____ (“Franchisee”).

1. Definitions. Capitalized terms used but not defined in this Rider have the meanings given in the Agreement. The “Indiana Acts” means the Indiana Franchise Act and the Indiana Deceptive Franchise Practices Act.

2. Certain Provisions Modified. Any provision of the Agreement which would have any of the following effects is hereby modified to the extent required for the Agreement to be in compliance with the Indiana Acts:

(1) Requiring goods, supplies, inventories, or services to be purchased exclusively from the franchisor or sources designated by the franchisor where such goods, supplies, inventories, or services of comparable quality are available from sources other than those designated by the franchisor. However, the publication by the franchisor of a list of approved suppliers of goods, supplies, inventories, or services or the requirement that such goods, supplies, inventories, or services comply with specifications and standards prescribed by the franchisor does not constitute designation of a source nor does a reasonable right of the franchisor to disapprove a supplier constitute a designation. This subdivision does not apply to the principal goods, supplies, inventories, or services manufactured or trademarked by the franchisor.

(2) Allowing the franchisor to establish a franchisor-owned outlet engaged in a substantially identical business to that of the franchisee within the exclusive territory granted the franchisee by the franchise agreement; or, if no exclusive territory is designated, permitting the franchisor to compete unfairly with the franchisee within a reasonable area.

(3) Allowing substantial modification of the franchise agreement by the franchisor without the consent in writing of the franchisee.

(4) Allowing the franchisor to obtain money, goods, services, or any other benefit from any other person with whom the franchisee does business, on account of, or in relation to, the transaction between the franchisee and the other person, other than for compensation for services rendered by the franchisor, unless the benefit is promptly accounted for, and transmitted to the franchisee.

(5) Requiring the franchisee to prospectively assent to a release, assignment, novation, waiver, or estoppel which purports to relieve any person from liability to be imposed by the Indiana Deceptive Franchise Practices Act or requiring any controversy between the franchisee and the franchisor to be referred to any person, if referral would be binding on the franchisee. This subsection (5) does not apply to arbitration before an independent arbitrator.

(6) Allowing for an increase in prices of goods provided by the franchisor which the franchisee had ordered for private retail consumers prior to the franchisee's receipt of an official price increase notification. A sales contract signed by a private retail consumer shall constitute evidence of each order. Price changes applicable to new models of a product at the time of

introduction of such new models shall not be considered a price increase. Price increases caused by conformity to a state or federal law, or the revaluation of the United States dollar in the case of foreign-made goods, are not subject to this subsection (6).

(7) Permitting unilateral termination of the franchise if such termination is without good cause or in bad faith. Good cause within the meaning of this subsection (7) includes any material violation of the franchise agreement.

(8) Permitting the franchisor to fail to renew a franchise without good cause or in bad faith. This chapter shall not prohibit a franchise agreement from providing that the agreement is not renewable upon expiration or that the agreement is renewable if the franchisee meets certain conditions specified in the agreement.

(9) Requiring a franchisee to covenant not to compete with the franchisor for a period longer than three years or in an area greater than the exclusive area granted by the franchise agreement or, in absence of such a provision in the agreement, an area of reasonable size, upon termination of or failure to renew the franchise.

(10) Limiting litigation brought for breach of the agreement in any manner whatsoever.

(11) Requiring the franchisee to participate in any (A) advertising campaign or contest; (B) promotional campaign; (C) promotional materials; or (D) display decorations or materials; at an expense to the franchisee that is indeterminate, determined by a third party, or determined by a formula, unless the franchise agreement specifies the maximum percentage of gross monthly sales or the maximum absolute sum that the franchisee may be required to pay.

3. Effective Date. This Rider is effective as of the Effective Date.

Agreed to by:

FRANCHISEE:

By: _____

Name: _____

Title: _____

Date: _____

FRANCHISOR:

X GOLF Franchise Corporation

By: _____

Name: _____

Title: _____

Date: _____

MARYLAND RIDER TO FRANCHISE AGREEMENT

This Rider amends the Franchise Agreement dated _____ (the “Agreement”), between X GOLF Franchise Corporation, a California corporation (“XGF”) and _____, a _____ (“Franchisee”).

- 1. Definitions.** Capitalized terms used but not defined in this Rider have the meanings given in the Agreement. The “Maryland Franchise Registration and Disclosure Law” means the Maryland Franchise Registration and Disclosure Law, Business Regulation Article, §14-206, Annotated Code of Maryland.

- 2. Releases, Estoppels and Waivers of Liability.** 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 general release required as a condition of renewal shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

- 3. Statute of Limitations.** Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three years after the grant of the franchise.

- 4. Jurisdiction.** Franchisee does not waive its right to file a lawsuit alleging a cause of action arising under the Maryland Franchise Registration and Disclosure Law in any court of competent jurisdiction in the State of Maryland.

Agreed to by:

FRANCHISEE:

By: _____

Name: _____

Title: _____

Date: _____

FRANCHISOR:

X GOLF Franchise Corporation

By: _____

Name: _____

Title: _____

Date: _____

MINNESOTA RIDER TO FRANCHISE AGREEMENT

This Rider amends the Franchise Agreement dated _____ (the “Agreement”), between X GOLF Franchise Corporation, a California corporation (“XGF”) and _____, a _____ (“Franchisee”).

- 1. Definitions.** Capitalized terms used but not defined in this Rider have the meanings given in the Agreement. The “Minnesota Act” means Minnesota Statutes, Sections 80C.01 to 80C.22.
- 2. Insufficient Funds.** The fee referred to in Section 4.8(d) of the Agreement for any payment returned for insufficient funds is reduced to \$30.
- 3. Amendments.** The Agreement is amended to comply with the following:

Minnesota Statutes, Section 80C.21 and Minnesota Rules 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce (1) any of the franchisee’s rights as provided for in Minnesota Statutes, Chapter 80C or (2) franchisee’s rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes, Section 80C.14, Subd. 3-5, which require (except in certain specified cases) (1) that a franchisee be given 90 days’ notice of termination (with 60 days to cure) and 180 days’ notice for non-renewal of the franchise agreement and (2) that consent to the transfer of the franchise will not be unreasonably withheld.

The franchisor will protect the franchisee’s rights to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name. Minnesota considers it unfair to not protect the franchisee’s right to use the trademarks. Refer to Minnesota Statutes, Section 80C.12, Subd. 1(g).

Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.

The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400J. Also, a court will determine if a bond is required.

The Limitations of Claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 5, and therefore the applicable provision of the Agreement is amended to state “No action may be commenced pursuant to Minnesota Statutes, Section 80C.17 more than three years after the cause of action accrues.”

- 4. Effective Date.** This Rider is effective as of the Effective Date.

Agreed to by:

FRANCHISEE:

By: _____

Name: _____

Title: _____

Date: _____

FRANCHISOR:

X GOLF Franchise Corporation

By: _____

Name: _____

Title: _____

Date: _____

NEW YORK RIDER TO FRANCHISE AGREEMENT

This Rider amends the Franchise Agreement dated _____ (the “Agreement”), between X GOLF Franchise Corporation, a California corporation (“XGF”) and _____, a _____ (“Franchisee”).

- 1. Definitions.** Capitalized terms used but not defined in this Rider have the meanings given in the Agreement.
- 2. Waivers Not Required.** Notwithstanding any provision of the Agreement to the contrary, Franchisee is not required to assent to a release, assignment, novation, waiver or estoppel which would relieve XGF or any other person from any duty or liability imposed by New York General Business Law, Article 33.
- 3. Waivers of New York Law Deleted.** Any condition, stipulation, or provision in the Agreement purporting to bind Franchisee to waive compliance by XGF with any provision of New York General Business Law, or any rule promulgated thereunder, is hereby deleted.
- 4. Governing Law.** Notwithstanding any provision of the Agreement to the contrary, the New York Franchises Law shall govern any claim arising under that law.
- 5. Effective Date.** This Rider is effective as of the Effective Date.

Agreed to by:

FRANCHISEE:

FRANCHISOR:

X GOLF Franchise Corporation

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

NORTH DAKOTA RIDER TO FRANCHISE AGREEMENT

This Rider amends the Franchise Agreement dated _____ (the “Agreement”), between X GOLF Franchise Corporation, a California corporation (“XGF”) and _____, a _____ (“Franchisee”).

1. Definitions. Capitalized terms used but not defined in this Rider have the meanings given in the Agreement.

2. Amendments. The Agreement (and any Guaranty Agreement) is amended to comply with the following:

- (1) Restrictive Covenants: Every contract by which Franchisee, any Guarantor, or any other person is restrained from exercising a lawful profession, trade, or business of any kind is subject to NDCC Section 9-08-06.
- (2) Situs of Arbitration Proceedings: Franchisee and any Guarantor are not required to agree to the arbitration of disputes at a location that is remote from the site of Franchisee’s business.
- (3) Restrictions on Forum: Franchisee and any Guarantor are not required to consent to the jurisdiction of courts outside of North Dakota.
- (4) Liquidated Damages and Termination Penalties: Franchisee is not required to consent to liquidated damages or termination penalties.
- (5) Applicable Laws: The Agreement (and any Guaranty Agreement) is governed by the laws of the State of North Dakota.
- (6) Waiver of Trial by Jury: Franchisee and any Guarantor do not waive a trial by jury.
- (7) Waiver of Exemplary and Punitive Damages: The parties do not waive exemplary and punitive damages.
- (8) General Release: Franchisee and any Guarantor are not required to sign a general release upon renewal of the Agreement.
- (9) Limitation of Claims: Franchisee is not required to consent to a limitation of claims. The statute of limitations under North Dakota law applies.
- (10) Enforcement of Agreement: The prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney’s fees.

3. Effective Date. This Rider is effective as of the Effective Date.

Agreed to by:

FRANCHISEE:

By: _____

Name: _____

Title: _____

Date: _____

FRANCHISOR:

X GOLF Franchise Corporation

By: _____

Name: _____

Title: _____

Date: _____

OHIO RIDER TO FRANCHISE AGREEMENT

This Rider amends the Franchise Agreement dated _____ (the “Agreement”), between XGOLF Franchise Corporation, a California corporation (“XGF”) and _____, a _____ (“Franchisee”).

- 1. Definitions.** Capitalized terms used but not defined in this Rider have the meanings given in the Agreement. The “BOPA” means the Ohio Business Opportunity Act, codified in Revised Code of Ohio, Title XIII, Chapter 1334.
- 2. Applicability of BOPA.** Franchisee acknowledges that XGF is providing this Rider out of an abundance of caution, and that neither the execution of this Rider nor any other act of XGF constitutes an intent that BOPA apply to the transaction between XGF and Franchisee or an admission by XGF that the transaction fails to comply in any material respects with the trade regulation rule of the federal trade commission, “disclosure requirements and prohibitions concerning franchising,” 16 C.F.R. 436.1 et seq.
- 3. No Delivery of Goods or Services during Cancellation Period.** XGF will not commence delivery of any goods or provide any services during the time within which Franchisee may cancel the Agreement as provided in Section 5 below.
- 4. Jurisdiction and Venue.** In connection with the sale of the franchise, any provision in the Agreement restricting jurisdiction or venue to a forum outside of Ohio, or requiring the application of laws of another state, is void with respect to a claim otherwise enforceable under Sections 1334.01 to 1334.15 of the BOPA.
- 5. Cancellation.** You, the franchisee, may cancel the 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.

Agreed to by:

FRANCHISOR:

FRANCHISEE:

XGOLF FRANCHISE CORPORATION

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

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

**OHIO
NOTICE OF CANCELLATION**

[Insert Date Agreement Signed by FRANCHISEE]

You may cancel this transaction, without penalty or obligation, within five 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 business days following XGOLF Franchise Corporation'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 XGF at your business address all goods delivered to you under this agreement; or you may if you wish, comply with the instructions of XGF regarding the return shipment of the goods at XGF's expense and risk. If you do make the goods available to XGF and XGF does not pick them up within twenty 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 XGF, or if you agree to return them to XGF and fail to do so, then you remain liable for the performance of all obligations under the Agreement. To cancel this transaction, mail or deliver a signed and dated copy of this cancellation notice or any other written notice, or send a telegram, to XGOLF Franchise Corporation, at 24416 Main St., Ste 301, Carson, CA 90745, or send a fax to XGF at *[Insert facsimile number]* or an e-mail to XGF at *[Insert email address]*, not later than midnight of *[Insert date that is five business days after the date above]*.

I hereby cancel this transaction.

FRANCHISEE:

By: _____

Name: _____

Title: _____

Date: _____

RHODE ISLAND RIDER TO FRANCHISE AGREEMENT

This Rider amends the Franchise Agreement dated _____ (the “Agreement”), between X GOLF Franchise Corporation, a California corporation (“XGF”) and _____, a _____ (“Franchisee”).

- 1. Definitions.** Capitalized terms used but not defined in this Rider have the meanings given in the Agreement.

- 2. Jurisdiction and Venue.** Any provision of the Agreement restricting jurisdiction or venue to a forum outside the State of Rhode Island or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under Rhode Island Franchise Investment Act.

- 3. Effective Date.** This Rider is effective as of the Effective Date.

Agreed to by:

FRANCHISEE:

By: _____

Name: _____

Title: _____

Date: _____

FRANCHISOR:

X GOLF Franchise Corporation

By: _____

Name: _____

Title: _____

Date: _____

**WASHINGTON ADDENDUM TO DISCLOSURE DOCUMENT
AND
RIDER TO FRANCHISE AGREEMENT**

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.

Agreed to by:

FRANCHISEE:

By: _____

Name: _____

Title: _____

Date: _____

FRANCHISOR:

X GOLF Franchise Corporation

By: _____

Name: _____

Title: _____

Date: _____

STATE EFFECTIVE DATES

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the states, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

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

State	Effective Date
California	Pending
Illinois	Pending
Indiana	Pending
Maryland	Pending
Michigan	Pending
Minnesota	Pending
New York	Pending
Rhode Island	Pending
South Dakota	Pending
Virginia	Pending
Washington	Pending
Wisconsin	Pending

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

RECEIPT

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

If X GOLF Franchise Corporation offers you a franchise, it must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. New York requires that you be given this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of any franchise or other agreement, or payment of any consideration that relates to the franchise relationship.

If X GOLF Franchise Corporation does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and any applicable state agency (which are listed in Exhibit A).

The name, principal business address, and telephone number of each franchise seller offering the franchise is:

Name	Principal Business Address	Telephone Number
Ryan D'Arcy	24416 Main St., Ste 301, Carson, CA 90745	(323) 400-6611

Issuance Date: April 23, 2021

I received a disclosure document dated April 23, 2021, that included the following Exhibits:

- A. State Administrators and Agents for Service of Process
- B. Franchise Agreement (with Guaranty and Non-Compete Agreement)
- C. Rider to Lease Agreement
- D. Form of General Release
- E. Financial Statements
- F. Operating Manual Table of Contents
- G. Current and Former Franchisees
- H. State Addenda to Disclosure Document
- I. State Addenda to Agreements

Signature: _____

Print Name: _____

Date Received: _____

RECEIPT

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

If X GOLF Franchise Corporation offers you a franchise, it must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. New York requires that you be given this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of any franchise or other agreement, or payment of any consideration that relates to the franchise relationship.

If X GOLF Franchise Corporation does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and any applicable state agency (which are listed in Exhibit A).

The name, principal business address, and telephone number of each franchise seller offering the franchise is:

Name	Principal Business Address	Telephone Number
Ryan D'Arcy	24416 Main St., Ste 301, Carson, CA 90745	(323) 400-6611

Issuance Date: April 23, 2021

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Signature: _____

Print Name: _____

Date Received: _____

**Return this copy to us.
X GOLF Franchise Corporation 24416 Main St., Ste 301, Carson, CA 90745**