

FRANCHISE DISCLOSURE DOCUMENT



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

As a franchisee, you will own and operate a Sandbox VR Business featuring live-action, hyper reality experiences, including virtual reality and physical adventures, with a full body tracking system. The total investment necessary to begin operation of a Sandbox VR Business is \$250,719 to \$1,875,464 net of tenant allowances that, as set forth in Item 7, typically cover between 44% and 100% of construction and leasehold expense. If negotiated with your landlord, such tenant allowances can reduce the total out-of-pocket initial investment, which otherwise could range from \$1,427,090 to \$2,890,038. This initial investment includes \$541,000 to \$577,000 that must be paid to the franchisor or designee. We and you may choose to sign a Development Rights Agreement under which you will develop a number of Sandbox VR Businesses. We expect the Development Rights Agreement to cover between 2 and 10 Sandbox VR Businesses. The total investment necessary to enter into a Development Rights Agreement ranges from \$100,000 to \$180,000, consisting of a development fee paid to the franchisor. These figures do not include the initial investment necessary to open and begin operating Sandbox VR Businesses upon signing individual Franchise Agreements pursuant to a Development Rights Agreement.

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

You may wish to receive your Disclosure Document in another format that is more convenient for you. To discuss the availability of disclosures in different formats contact Lee Hebditch, our Director, Global Franchise Operations, at 4695 Chabot Drive, Suite 200, Pleasanton, California 94588, (925) 558-2768.

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

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

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

Issuance date of this Disclosure Document:

~~May 8~~ July 12, 2024.

exclusive franchisee, and from 2019 through 2023 he served as Franchise Development Manager for UN1T. Mr. Swinden is currently based in Riyadh, Saudi Arabia.

Item 3

LITIGATION

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

Effective July 2, 2024, the parties agreed to a final settlement and release of the above referenced litigation and a related arbitration involving Vortex Gaming Ltd. and Vortex Gaming T1 Ltd. (collectively, "Vortex"), ~~are~~ our franchisees in Canada. By way of background, ~~in~~ January 2023, we issued notices of termination for failure to pay outstanding amounts with respect to several franchise agreements between us and Vortex. On February 17, 2023, Vortex filed an action in the Ontario Superior Court of Justice against us. The action sought~~seeks~~: (a) an injunction restraining us from terminating or purporting to terminate the franchise agreements between us and Vortex; and (b) a declaration that any such termination or purported termination is ineffective or wrongful at law. Vortex's Notice of Motion and Statement of Claim alleged that we breached our franchise agreements with Vortex by terminating those franchise agreements before delivering certain equipment to Vortex. Vortex further alleges that we breached our statutory duty of fair dealing under Ontario's Arthur Wishart Act (Franchise Disclosure), 2000 (the "Wishart Act"). In addition to the injunction and declaration, Vortex sought~~seeks~~ CAD\$151,600,000 in damages, along with other incidental relief.

We ~~have~~ filed a separate arbitration proceeding against Vortex with the American Arbitration Association, *GloStation Franchising USA, Inc. v. Vortex Gaming Ltd. and Vortex Gaming T1 Ltd.* (AAA Case No. 01-23-0001-0748). Our Demand for Arbitration sought~~seeks~~ a declaration that we properly terminated the franchise agreements at issue in the Canadian lawsuit and damages for breach of another franchise agreement that was not terminated. Vortex ~~has~~ filed the same claims that are pending in the Canadian lawsuit as counterclaims in the arbitration proceeding and sought~~is seeking~~ damages of CAD \$11,548,000. Although a final hearing ~~has~~ been scheduled for late May ~~of 2024.~~ ~~The~~ parties have since agreed to a final tentative settlement of the dispute that would ~~resolved~~ both the litigation and the arbitration ~~and are in the process of documenting the settlement.~~

Other than the foregoing litigation and arbitration, no litigation is required to be disclosed in this Item.

Item 4

BANKRUPTCY

GSUSA (case no. 1:20-bk-11435-MB) and our affiliates GloStation Core USA, Inc. (case no. 1:20-bk-11436-MB), Sandbox VR Topanga, LLC (case no. 1:20-bk-11434-MB), Sandbox VR Mission Valley, LLC (case no. 1:20-bk-11437-MB), Sandbox VR San Mateo, LLC (case no. 1:20-bk-11438-MB), Sandbox VR Cerritos, LLC (case no. 1:20-bk-11439-MB), Sandbox VR Ridge Hill, LLC (case no. 1:20-bk-11440-MB), Sandbox VR Austin, LLC (case no. 1:20-bk-11441-MB), Sandbox VR Colony, LLC (case no. 1:20-bk-11442-MB), Sandbox VR Oakbrook, LLC (case no. 1:20-bk-11443-MB), and Sandbox VR Pop-Up, LLC (case no. 1:20-bk-11444-MB) commenced voluntary chapter 11 bankruptcy reorganization cases in the United States Bankruptcy Court for

Column 1 State	Column 2 Year	Column 3 Outlets at Start of the Year	Column 4 Outlets Opened	Column 5 Reacquired from Franchisees	Column 6 Outlets Closed	Column 7 Outlets Sold to Franchisees	Column 8 Outlets at End of the Year
Washington	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	1	0	0	0	1
	2023	1	1	0	0	0	2
Total	2020	3	3	0	0	0	6
	2021	6	4	0	0	0	10
	2022	10	13	0	0	0	23
	2023	23	8	0	0	0	31

Table No. 5
Projected Openings As Of December 31, 2023

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company- Owned Outlet in the Next Fiscal Year
Virginia	0	0	1
California	0	1	1
Florida	2	2	0
TOTALS	2	3	2

Exhibit F contains a list of the names of all of our franchisees as of ~~December 31, 2023~~ July 12, 2024 and the addresses and telephone numbers of their Sandbox VR Businesses. In the future, we will also provide in Exhibit G, a list of the names, cities and states, and last known home or business telephone numbers of the franchisees who had an outlet terminated, transferred, canceled, or not renewed, or who otherwise voluntarily or involuntarily ceased to do business under a franchise agreement with us, during the previous fiscal year or who have not communicated with us within 10 weeks of our then current Disclosure Document's issuance date. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

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

EXHIBIT F**LIST OF FRANCHISEES**

Franchisee	Address	City	State	Telephone Number
Wavecrest Gaming, LLC*	305 NJ-17	Paramus	New Jersey	201-407-7077
<u>Solis Entertainment SPB LLC*</u>	<u>3806 Gunn Highway</u>	<u>St. Petersburg</u>	<u>Florida</u>	<u>(727) 726-3269</u>

SIGNED BUT NOT YET OPEN AS OF ~~DECEMBER 31, 2023~~July 12, 2024

Franchisee	Address	City	State	Telephone Number
Wavecrest Gaming Woodbridge, LLC	455 Green Street	Iselin	New Jersey	201-407-7077
Wavecrest Gaming, LLC	N/A	Bridgewater	New Jersey	201-407-7077
<u>Solis Entertainment SPB LLC</u>	<u>N/A</u>	<u>Tampa</u>	<u>Florida</u>	<u>N/A</u>
<u>Solis Entertainment SPB LLC</u>	<u>N/A</u>	<u>Clearwater</u>	<u>Florida</u>	<u>N/A</u>
<u>Solis Entertainment SPB LLC</u>	<u>N/A</u>	<u>Sarasota</u>	<u>Florida</u>	<u>N/A</u>
<u>Matrix VR</u>	<u>N/A</u>	<u>Cape Coral</u>	<u>Florida</u>	<u>N/A</u>
<u>Matrix VR</u>	<u>N/A</u>	<u>Ft. Meyers</u>	<u>Florida</u>	<u>N/A</u>
<u>AOne Epic, Inc.</u>	<u>N/A</u>	<u>San Jose</u>	<u>California</u>	<u>N/A</u>

* Franchisees that have signed a Development Rights Agreement.

**ADDENDUM
TO FRANCHISE DISCLOSURE DOCUMENT FOR
STATE OF HAWAII**

The following is added to the end of Item 5:

The Hawaii Department of Commerce and Consumer Affairs requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the franchise agreement.

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 REGULATORY AGENCIES OR A FINDING BY THE DIRECTOR OF REGULATORY AGENCIES 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 OFFERING CIRCULAR, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE. THIS OFFERING CIRCULAR 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.

**ADDENDUM
TO FRANCHISE DISCLOSURE DOCUMENT FOR
STATE OF ILLINOIS**

The following statements are added to the end of Item 5:

The Illinois Attorney General's Office requires us to defer payment of the Initial Franchise Fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the Franchise Agreement and the franchisee has commenced business operations. The Illinois Attorney General's Office imposed this deferral requirement due to Franchisor's financial condition.

The Illinois Attorney General's Office requires Franchisor to defer payment of the Development Fee and other initial payments due under the Development Rights Agreement until Franchisor has completed its pre-opening obligations under the Development Rights Agreement and the franchisee has commenced operating its first business. The Illinois Attorney General's Office imposed this deferral requirement due to Franchisor's financial condition.

The following statements are added to the end of Item 17:

Except to the extent governed by the Federal Arbitration Act, the United States Trademark Act of 1946 or other federal law, Illinois law governs the Franchise Agreement.

In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.

Franchisees' rights upon termination and non-renewal are set forth in Sections 19 and 20 of the Illinois Franchise Disclosure Act.

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

Once every 5 years, we can require you to substantially alter the appearance, branding, layout and design of your franchised business. This could require you to replace material portions of your Operating Assets, significant structural changes and/or remodeling and renovating. In addition, after your first year of operations with your initial computer equipment, updated hardware and software may be required. You incur all of the expenses related to any such change/updating requirements.

In conformance with the NASAA Statement of Policy Regarding the Use of Franchise Questionnaires and Acknowledgements, adopted September 18, 2022 and effective January 1, 2023, no statement, questionnaire or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the

franchise relationship shall have the effect of: (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on behalf of the Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

STATE EFFECTIVE DATES

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

This Franchise Disclosure Document is registered, on file or exempt from registration in the following states having franchise registration and disclosure laws, with the following effective dates:

State	Effective Date
California	May July __, 2024
Hawaii	July May __, 2024
Illinois	July May __, 2024
Indiana	May __, 23 , 2024
Maryland	May __ June 4, 2024
Michigan	May __, 25 , 2024
Minnesota	May __ June 24, 2024
New York	July May __, 2024
North Dakota	May __ June 7, 2024
Rhode Island	May __ June 2, 2024
South Dakota	May __, 17 , 2024
Virginia	July May __, 2024
Washington	July May __, 2024
Wisconsin	May __, 14 , 2024

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

Item 23**RECEIPT**

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

If GloStation Franchising USA, Inc. offers you a franchise, it must provide this Disclosure Document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

New York requires that GloStation Franchising USA, Inc. gives you this Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires that GloStation Franchising USA, Inc. gives you this Disclosure Document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If GloStation Franchising USA, Inc. does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency identified on Exhibit A.

The franchisor is GloStation Franchising USA, Inc., located at 4695 Chabot Drive, Suite 200, Pleasanton, California 94588. Its telephone number is (925) 558-2768.

Issuance date: ~~May 8~~July 12, 2024

The name, principal business address, and telephone number of each franchise seller offering the franchise are as follows: Zackary Swinden, whose contact information is 4695 Chabot Drive, Suite 200, Pleasanton, California 94588, (925) 558-2768; Lee Hebditch, whose contact information is 4695 Chabot Drive, Suite 200, Pleasanton, California 94588, (925) 558-2768; and

GloStation Franchising USA, Inc. authorizes the respective state agents identified in Exhibit A to receive service of process for us in the particular states.

I received a Franchise Disclosure Document from GloStation Franchising USA, Inc., dated as of ~~May 8~~July 12, 2024, that included the following Exhibits:

- A List of State Agencies/Agents for Service of Process
- B Franchise Agreement
- C Development Rights Agreement
- D Proprietary Software License Agreement
- E Operations Manual Table of Contents
- F List of Franchisees
- G List of Franchisees Who Have Left the System
- H Financial Statements
- I Release on Renewal/Transfer
- J Additional Disclosures and Riders Required by State Franchise Laws

Date

Prospective Franchisee [Print Name]

(Date, Sign, and Return to Us)

Prospective Franchisee [Signature]

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Date

Prospective Franchisee [Print Name]

(Date, Sign, and Keep for Your Own Records)

Prospective Franchisee [Signature]